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## STATE BANK WITHDRAWALS FROM THE FEDERAL RESERVE SYSTEM

Since May, 1919, approximately 60 state banks have withdrawn from the federal reserve system. Great significance has been attached to these withdrawals by certain writers. Some regard them as an indication of general dissatisfaction with the management of the federal reserve system.<sup>1</sup> It is the purpose of the writer to pass in review the reasons for these withdrawals and to attempt to answer the question which has been raised as to what they signify.

The Federal Reserve act as originally passed made no provision whereby state bank members could withdraw. This was one of the reasons why only 17 state banks had taken out membership by May 1, 1915.<sup>2</sup> The Federal Reserve Board realized from the beginning that some provision for withdrawal would have to be made, if the reluctance of state banks to join was to be overcome. When, therefore, the Board issued its regulations governing membership of state banks, June 7, 1915, it stated that withdrawal upon twelve months written notice would be permitted, but that no more than 10 per cent of the capital stock of any federal reserve bank should be canceled for this reason in any one year.<sup>3</sup> This provision, however, was not of permanent enough character to satisfy the state banks. They were afraid that a change in the membership of the Federal Reserve Board might result in a change in the regulation permitting withdrawal. The Board tried to quiet such fears by stating in its regulations that no amendment to the section of the regulations dealing with state bank with-

<sup>1</sup>See articles by Professor H. Parker Willis in the *Annual Financial and Business Review*, part I, page 2, of the *New York Evening Post* for December 30, 1922, and in the *Annalist* for January 8, 1923, page 49. Professor Willis wrote in the *Annalist*, "Retirements from the system are increasing in number, even though they have not reached a very high level thus far. There would be no reason why at any moment that such a movement chose to start very considerable withdrawals might not take place." In the *New York Evening Post* he wrote, "There is undoubtedly a growing feeling of dissatisfaction with the federal reserve system. This is seen in moderate withdrawal of members and failure to expand membership further, but it is more evident in the dissatisfaction which has led to efforts to break down the par collection system and is likely to lead eventually to a demand on the part of country banks for legislation looking in that same direction."

<sup>2</sup>*Federal Reserve Bulletin*, May 1, 1915, p. 29.

<sup>3</sup>*Fed. Res. Bull.*, July 1, 1915, pp. 146-8.

drawals would go into effect until six months after the announcement of the amendment by the Board. Even this did not allay the apprehension of the state banks. This particular objection to membership was not completely removed until the amendments of June 21, 1917, to the Federal Reserve act definitely enacted into law the permission to withdraw.

Up to the time of the enactment of these amendments (June 21, 1917) only 53 state banks had become members of the system.<sup>4</sup> By the end of 1917, partly as a result of this change in the law, partly because of an amendment permitting state banks upon joining to retain their full charter and statutory rights under state law, partly because of the desire of state bankers to insure safety for their banks during the war, and partly as a result of the appeal of President Wilson on October 13, 1917, in which he made membership a test of patriotism during the war,<sup>5</sup> the number of state bank members increased to 250. The end of 1918 saw an enrollment of 930. An increasing demand for credit accommodation caused the movement to continue. On December 31, 1919, there were 1181 state bank members. In the next year 300 more were added, and 1921 brought the total to 1614. The past year has seen a very small increase, 1651 being listed as members on December 31, 1922. February of 1923 has brought a decrease to 1643. The state bank members control approximately one third of the capital, surplus, and resources of the system.<sup>6</sup>

A decline in state bank membership may occur through other reasons than withdrawal of member banks. These reasons are liquidations, failures, consolidations with other member banks, or conversion into national banks. It is interesting to note how many changes have resulted from these causes. Voluntary liquidations, since May, 1919, have been 55 in number, 23 of these occurring in 1921, and 17 in 1922. In addition, 21 state bank members have been closed since the middle of 1921 because of unsound condition. As a result of consolidations and absorption by other banks since April, 1919, 63 members and 6

<sup>4</sup>*Fifth Annual Report of the Federal Reserve Board, 1918, p. 25.*

<sup>5</sup>*Fed. Res. Bull.*, Nov. 1, 1917, pp. 827-8.

<sup>6</sup>The latest available figures published by the Federal Reserve Board give on June 30, 1922, a total of 30,325 banks of all kinds in the United States with capital and surplus of approximately \$5,600,000,000 and resources of approximately \$50,150,000,000. Of this number, 9892 were members of the federal reserve system with capital and surplus of approximately \$3,500,000,000 and resources of approximately \$31,725,000,000. Of the members, 8244 were national banks and 1648 were state banks. The state banks controlled about one third of the capital, surplus, and resources of the system. There were on this date 9678 eligible state banks that had not joined. They had a capital and surplus of approximately \$1,209,000,000 and resources of approximately \$8,985,000,000. The Federal Reserve Board estimates that 78 per cent of the resources of all eligible banks, and 63 per cent of the total banking resources of the country are included in the system. (*Ninth Annual Report of the Federal Reserve Board, 1922, p. 29.*)

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non-members emerged as 29 members and 3 non-members. Since May, 1919, 61 state bank members have converted into national banks, and 10 state bank members have consolidated with national banks. These causes then, as apart from withdrawals, have been responsible for a decrease of 181 in state bank membership.<sup>7</sup> Consequently a steady flow of state banks into the system is necessary if the numerical membership is to be maintained.

Since the middle of 1919, state bank withdrawals from the system have proceeded with a fair degree of regularity. The first bank to withdraw was the First Guaranty State Bank of Pittsburg, Texas, which retired January 18, 1917. The next withdrawal did not take place until the middle of 1919. Eleven banks severed membership during that year. The same number retired in 1920. Nineteen withdrew in 1921, and 13 in 1922. So far, in 1923, three have withdrawn, making a total of 58, with resources of approximately \$69,000,000. Of the withdrawing banks, 35 had a capital of only \$50,000 or less, 12 had a capital of more than \$50,000 but not more than \$100,000, seven had a capital of more than \$100,000 but not more than \$200,000, and only three had a capital of more than \$200,000.<sup>8</sup> The effect upon the resources of the system has been practically insignificant, causing a decline of only .0021 per cent. The largest state bank yet to withdraw is the Midwest Reserve Trust Company of Kansas City, Missouri, with a capital of \$2,000,000, surplus of \$215,000, and resources of \$15,209,000. A great deal has been made of the fact that the Irving National Bank of New York City has given up its national charter, but this bank has consolidated with the Columbia Trust Company, which retains its membership in the federal reserve system.

The geographical distribution of the withdrawing banks is interesting. The list is as follows:<sup>9</sup>

- 1917. Texas 1.
- 1919. Kentucky 2, Alabama 2, Louisiana 2, Iowa 2, Michigan 1, Indiana 1, Florida 1. Total 11.
- 1920. Illinois 4, New York 2, Wisconsin 2, Connecticut 1, Minnesota 1, Indiana 1. Total 11.
- 1921. Nebraska 7, Oklahoma 4, New York 2, Minnesota 1, Kansas 1, Kentucky 1, Virginia 1, Idaho 1, Utah 1. Total 19.
- 1922. The following thirteen states furnished one withdrawal each: Idaho, Kansas, Indiana, Virginia, Illinois, Missouri, North Dakota, Michigan, North Carolina, Tennessee, Minnesota, Wisconsin, and Ohio. Total 13.
- 1923. Louisiana 1, Oklahoma 1, Illinois 1.

<sup>7</sup>*Fed. Res. Bull.*, 1918-1923, passim.

<sup>8</sup>Figures on capital, surplus, and resources, taken from the annual reports of the Federal Reserve Board.

<sup>9</sup>*Fed. Res. Bull.*, 1917-23, passim.

Total withdrawals by states have been: Nebraska 7, Illinois 6, Oklahoma 5, New York 4, Louisiana 3, Wisconsin 3, Minnesota 3, Indiana 3, Kentucky 3, Iowa 2, Alabama 2, Michigan 2, Kansas 2, Virginia 2, Idaho 2. The following states have had only one withdrawal each: Florida, Texas, Connecticut, Utah, Missouri, North Carolina, Tennessee, Ohio, and North Dakota. Twenty-four states had no withdrawals.

The foregoing figures show most clearly that withdrawals have not been a new and sudden development of the last year or two. They also show that the rate at which state banks have been leaving the system has decreased somewhat since 1921. It will be noted that the geographical distribution of withdrawals has centered in the Middle West and South, the Atlantic and Pacific Coast states suffering very small losses.

With regard to the reasons for these withdrawals, it should be remembered that many of the banks which joined during 1917 and 1918 claimed that they were doing so because of patriotic reasons. Many of them expected to withdraw as soon as the emergency was over. Bearing this in mind it is surprising that the number of retirements has not been larger.

A number of the reasons given for withdrawal may now be considered:

1. Probably the reason most frequently met for giving up membership has been the loss of interest on the reserve balance which must be kept with the federal reserve bank. The first bank to withdraw, the First Guaranty State Bank of Pittsburg, Texas, believed that membership was too expensive because of this loss.<sup>10</sup> The Exchange Bank of Kentucky, of Mount Sterling, Kentucky, is another example. In a letter to the Federal Reserve Bank of Cleveland on November 9, 1918, the cashier of this bank stated that his institution had come in for the period of the war only and expected to withdraw as soon as the war was over because of the loss of interest on its reserve.<sup>11</sup> It withdrew in June, 1919. The Potlatch State Bank of Potlatch, Idaho, is another bank which joined because of a "possible moral obligation" but found membership expensive because of this loss of interest, and withdrew early in 1921.<sup>12</sup> Many banks deal largely with farmers and were under severe pressure during the period of depression to save every penny, and so withdrew to prevent the loss of interest.

Doubt is sometimes expressed as to whether membership really involves any net loss. The claim is made that the amount of reserve

<sup>10</sup>*Fed. Res. Bull.*, May 1, 1917, p. 371.

<sup>11</sup>*The Answer*. Letters from state bank members published by the Federal Reserve Bank of Cleveland, 1918. Letter No. 11.

<sup>12</sup>*State Bank Members. Their Experiences in the Twelfth Federal Reserve District*. Letter No. 29. Published by the Federal Reserve Bank of San Francisco, 1920.

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that must now be kept is much smaller than under the state laws and that the services performed by the reserve banks offset any loss of interest that might occur. But while the majority of states do require a reserve averaging 15 per cent, very much more than is required for country and reserve city members of the federal reserve system, only from one third to two fifths of this amount need be kept in the bank's own vaults. The rest can usually be kept in other banks and draws interest at from 2 to 2½ per cent.<sup>2</sup> Interest is lost only on the part kept in the bank and from this it can supply its needs for till money. But members of the federal reserve system must keep with the federal reserve bank all of the required 7, 10, or 13 per cent reserve against demand deposits and 3 per cent against time deposits, in addition to what it is necessary to keep in their own possession as till money. Thus an actual loss may result. Many banks consider that this is offset by the services performed for them by the federal reserve banks. Many of them regard the loss as payment for insurance, and cheap insurance at that. But many member banks make little use of the facilities of the system, and claim that the protection given is charged for at too high a rate.

2. Another reason which is frequently given for withdrawal is the hostility which has been stirred up by the program for par collection of checks. This has had a most important effect upon the attitude of state banks toward the system all over the country. Thousands of these banks, before the attempt of the Federal Reserve Board to bring about universal par collection of checks, were accustomed to make a small deduction in remitting for those checks which had been drawn by their depositors and returned by distant banks to the bank drawn on for payment. Membership in the federal reserve system makes this charge impossible, as all member banks are compelled to remit at par. But par collection has also been forced on nearly all the non-member state banks. The federal reserve banks, by energetic measures, have brought it about that checks on 28,000 banks may now be collected at par through the federal reserve clearing system. The methods used to enforce par collection, such as presenting checks for payment over the counter of a recalcitrant bank, have aroused a storm of protest, from banks both in and out of the system, and a number of attempts have been made by non-member state banks in some sections of the country to enjoin the federal reserve banks from the presentation of checks over the counter. One such suit is now pending before the United States Supreme Court. Yet as the case stands now a bank would gain little by withdrawing from the system unless it meant to

<sup>2</sup>See tabulated list of state reserve requirements in the *Fed. Res. Bull.*, Oct. 1, 1917, pp. 768-95.

get off the par list as well, something that few non-member banks dare to do.

3. Several banks have withdrawn because easier money conditions have removed the necessity for borrowing from the federal reserve banks. A large number of state banks find that all of their needs can be taken care of by their correspondents. In fact many member banks have never borrowed from their federal reserve bank.

4. Again, some banks have withdrawn because of laws passed in their respective states for the guaranty of bank deposits. In certain states the public believed that banks were not safe unless they were members of the state guaranty system. Some banks felt that they could not afford to comply with such state laws and retain federal reserve membership also. The variety of reasons for withdrawing is indicated by the fact that one bank withdrew because of indignation over the granting of a national bank charter in the same town.

5. It has been asserted that some banks have withdrawn because of dissatisfaction with recent appointments to the Federal Reserve Board. This may be true. On the other hand Governor Harding had become most unpopular with a large number of banks because of his splendid and courageous fight in behalf of par collection. Although the failure to reappoint Governor Harding is greatly to be regretted, it is true that a large number of state banks believe that in his successor they will find a more lenient attitude toward permitting exchange charges.

6. A reason for withdrawal which is frequently overlooked is that certain of the state bank members have been made to understand that their membership is no longer desired because of their unsound condition. An example of this kind is the Bank of Goltry, Goltry, Oklahoma, which was closed, after it had withdrawn, by the state banking officials.<sup>14</sup> The number of such cases is probably larger than the public realizes. As the Comptroller of the Currency reported 330 state bank failures in the year ending June 30, 1921,<sup>15</sup> and as 21 state bank members have been forced to close their doors, this explanation of withdrawals is seen to be of considerable weight.

Any generalization as to the cause of the withdrawals is difficult to make. The reasons most frequently given are the loss of interest on reserve balances and the absence of need for resorting to the federal reserve banks for assistance. In many cases withdrawal has been caused by a combination of a number of the foregoing reasons, and some apparent withdrawals were practically forced retirements. Withdrawal because of the loss of interest shows dissatisfaction with a provision of the law, while withdrawal because of objection to par

<sup>14</sup>*Eighth Annual Report of the Federal Reserve Board, 1921, p. 641.*

<sup>15</sup>*Report of the Comptroller of the Currency for 1921, p. 771.*

collection shows dissatisfaction both with the law and with the management of the system. The fact that there are objections to these provisions of the law is hardly a reason for changing the law, merely to permit the payment of interest on reserve balances and to allow banks to make exchange charges. It is generally recognized that it is not in accord with sound banking principles to pay interest on reserve balances, and the advantages of par collection of checks are so great that it would be highly regrettable to return to the practice of permitting exchange charges.

One fact which shows that dissatisfaction may not be so widespread as many believe is that during the same time that 58 state banks have withdrawn from the system, 61 other state bank members have attached themselves even more firmly to the system by becoming national banks. National banks cannot withdraw without giving up their national charters. Of the 61 state banks which have converted into national banks since May, 1919, 10 did so in 1919, 10 in 1920, 13 in 1921, 22 in 1922, and 6 so far in 1923. In addition, since November, 1918, 10 state bank members have consolidated with national banks. While 1923 has seen a decrease in state bank membership to 1643, only 3 of these banks withdrew; the others consolidated, liquidated, or were converted into national banks.

Instead of the number of withdrawals causing surprise, it seems more properly a matter for surprise that more have not withdrawn. Non-members may secure practically all of the advantages of membership through their correspondents who are members, for non-members may now have member banks act as agents for them in rediscounting paper with the federal reserve banks. While the rate at which state banks have been joining the system has decreased considerably, only four or five now entering each month, it should be emphasized that for months the federal reserve banks have made little or no campaign to encourage enrollment, that a large number of banks have been discouraged from applying because of their financial condition, that some applications have been rejected, and that credit conditions have been remarkably easy. It may be added that membership is not likely to show a large increase so long as non-members may share as widely in the benefits as they do at present without sharing in the responsibility which membership entails.

The question is frequently asked whether the membership of a much larger number of state banks is essential to the accomplishment of the main purposes of the federal reserve system. There are those who say that such an increase is not desirable because the system may become too unwieldy, that it is better to restrict membership to a small number of carefully selected banks in sound financial condition. Opposed to this view is a widely held opinion that ideal functioning of the



system can be attained only by inducing every eligible bank in sound condition to enter.

Both of these views seem to be rather extreme. It is difficult to believe that among the approximately 10,000 eligible non-members there are not several thousand whose membership is desirable in order to secure a greater uniformity of control. The success of the federal reserve system may not absolutely depend upon having all the banks in the country in it, but it is hard to see how such defects of the old system as decentralization of control and lack of power to mobilize reserves can be completely eradicated while so many banks remain outside the system. Non-member banks may obtain aid indirectly through their correspondents who are members, but so long as they remain outside they do not have direct access to the main reservoir of credit in case of emergency. Comparative figures of failures among member and non-member banks reveal that in this group of non-member banks lies the weakest spot in our banking system today.

On the other hand, it is fairly clear that it would not be advisable to include all banks in the federal reserve system. With respect to banks doing primarily a commercial business upon sound principles there is little or no difference of opinion. They should be members. With regard to banks doing primarily an investment business, membership is not generally believed to be necessary or advisable, unless such banks for the purposes of their own safety wish to carry among their investments a supply of self-liquidating commercial paper eligible for rediscount at the federal reserve bank. Mutual savings banks are not eligible, since they have no capital stock. Many persons, however, believe that it would be beneficial to permit mutual savings banks to become associate members upon subscribing a certain percentage of their surplus—encouraging them, changing the state law where necessary, to carry a supply of short-time commercial paper eligible for rediscount.

It is with regard to the small country banks dealing largely with farmers and stockmen that the main doubt arises. Where these banks do a considerable commercial business or deal in short-time agricultural paper, there seems to be no valid reason why they should not join. Even if they engage primarily in granting long-time agricultural credits, but at the same time carry among their investments a fair proportion of short-time paper of the eligible variety, it is probably desirable to include them in the federal reserve system. But where these banks deal almost entirely in agricultural paper of far-distant maturity it is difficult to see how membership can be beneficial to these banks or improve the functioning of the federal reserve system. The federal reserve system is primarily a commercial banking system and in such a system liquidity of assets is essential. The recent ex-

perience of the system with "frozen credit" should be convincing on that point.

Nevertheless, certain organizations have urged the small country banks to apply for membership. Mr. Gray Silver of the American Farm Bureau Federation, testified before the Joint Commission of Agricultural Inquiry that one reason why the farmers had not been able to secure more credit during 1920 and 1921 was because there were so few country banks in the federal reserve system. On that account, said Mr. Silver, the organization which he represented was urging these banks to join.<sup>28</sup> Mr. Silver assumes that the farmers needed additional credit of the kind which the federal reserve banks could furnish. But there is evidence to the effect that it would have been better for the farmer had he received less credit during this period.

The report of the Joint Commission of Agricultural Inquiry also asserts that the fact that so many banks remain outside of the federal reserve system is a very serious defect in our banking system.<sup>29</sup> Mr. Eugene Meyer, Jr., managing director of the War Finance Corporation, stated recently before the House Committee on Currency and Banking that the federal reserve system had not developed as Congress had hoped, inasmuch as it had been the intent of that body to bring all eligible banks in. So long as so many banks remain outside, said Mr. Meyer, agricultural communities are denied the benefit of the federal reserve system.<sup>30</sup> Again, it may be answered, that what the farmers wanted was credit for a longer period than the six-months limit established for paper eligible for rediscount at the federal reserve banks.

That the relation of country banks to the federal reserve system is exciting considerable interest is further evidenced by the fact that the Rural Credits act, approved March 4, 1923, provides for the creation of a joint congressional committee to investigate the effect upon agricultural sections of having so many non-member banks. This commission is also directed to investigate the reasons why so many banks in agricultural sections have not entered the system.<sup>31</sup> This bill, in an attempt to encourage additions to membership, amends the

<sup>28</sup>Hearings before the Joint Commission of Agricultural Inquiry, part 6, pp. 53-54 (Washington, Gov. Prtg. Office, 1921).

<sup>29</sup>*Report of the Joint Commission of Agricultural Inquiry*, part II, *Credit*, ch. 7, p. 146 (Washington, Gov. Prtg. Office, 1922).

<sup>30</sup>Hearings before the House Committee on Currency and Banking on Bills S. 4280 (H. R. 13033), *Statement of Mr. Eugene Meyer, Jr.*, Jan. 31, 1923, pp. 42-43, 54-56 (Washington, Gov. Prtg. Office, 1923).

<sup>31</sup>An act to provide additional credit facilities for the agricultural and live stock interests of the United States, to amend the Federal Farm Loan act; to amend the Federal Reserve act and for other purposes. Public no. 503, 67th Cong., Title V, sec. 506.

Federal Reserve act to permit state banks with a capital of at least 60 per cent of that required of national banks in that locality to join under rules and regulations laid down by the Federal Reserve Board, provided that they agree to increase their capital to that required for national banks within a period set by the Federal Reserve Board." This provision will probably not encourage a large increase in membership. Of the 1614 state bank members on December 31, 1921, only 285 had a capital as small as \$25,000, the minimum allowed for a national charter. An attempt to force eligible non-members to join the system is seen in the provision of this act that no federal reserve bank may rediscount for a federal intermediate credit bank paper bearing the indorsement of any non-member bank or trust company eligible for membership in the federal reserve system."

Another attempt to make membership more attractive for country banks is found in that provision of the Rural Credits act extending the limit of maturity for agricultural paper eligible for rediscount at the federal reserve bank from six months to nine." This is to be regretted. While six months is too short a time for much of the agricultural paper, from the farmer's point of view, the remedy for this situation does not lie in permitting the federal reserve banks to rediscount paper of long maturity. The federal intermediate credit banks were created under the Rural Credits act for the purpose of taking care of such credit needs. Whether or not these federal intermediate credit banks and the federal farm loan system will be sufficient now to care for the needs of the farmer and the stockmen remains to be seen. But changes in the Federal Reserve act lengthening the time of maturity of agricultural paper eligible for rediscount are certainly not to be encouraged. The adherence of country banks to the federal reserve system is not worth the payment of that price.

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<sup>20</sup>*Ibid.*, title IV, sec. 401.

<sup>21</sup>*Ibid.*

<sup>22</sup>*Ibid.*, sec. 404.

NOTE.—The *Federal Reserve Bulletins* for April, May, and June, 1923, report 10 additional withdrawals, bringing the total to 68. State bank membership on May 31 was 1645. Other additional figures for those months are: converted into national banks 7; absorbed by national banks 3; closed 7; consolidated 12, resulting in 6. The United States Supreme Court in June decided the par collection case in favor of the Atlanta federal reserve bank. Also in June the Federal Reserve Board withdrew from member banks the right to act as agents for non-members in securing rediscounts at federal reserve banks, except by special permission.

C. S. T.

## THE MINIMUM WAGE AND EFFICIENCY<sup>1</sup>

Freedom is not a clay eagle perched on a staff; it is the margin men have between their income and the amount necessary to support their families and make it possible for them to be good citizens. Good living and good citizenship depend in important part on real wages. Counterfeit wages won't support either one; a real wage will support both.

Every industry is under obligation to pay a real wage. This requires considerably more money now than it did in 1914. But being accustomed to think of wages in terms of dollars, we think that wages are much larger now than they were then just because we pay more dollars. If we should establish a minimum wage of \$14 for out-of-town stores, we should have a chorus of protests. The reason is that the proprietors would look only at the \$14 wage, and would not see that it is better that they be forced to do a business that can afford to pay a \$14 wage than just barely to scrape along as most of them are now doing. Under present conditions they are threatened with extinction. One of the ways for any one of the proprietors to lessen his chances of being forced out is to make his business more efficient. One of the ways of increasing efficiency is to pay wages that will command a high enough grade of employee to make it unnecessary for the proprietor to put in most of his time directing and correcting errors of inefficient, underpaid people.

It would be short-sighted policy to allow business to be handled in such a way that what we pride ourselves on calling the American standard of living would be reduced. But high wages cannot be maintained unless we have a minimum wage law. In order to have a standard of wage high enough to give us a good consuming public, it is necessary that there shall be a limit fixed by an authority outside of the personal decision of the individual employer as to what the lowest wage shall be. There are several reasons for this:

1. Wages naturally tend to go down toward the standard set by the meanest and most short-sighted employers. It may as well be said that inability to pay a living wage is not always the reason why such a wage is refused. There are greedy employers as well as greedy employees—men who for the sake of profit want to squeeze the last penny from their help. The state has a right to step in, in such cases, and fix a limit beyond which cupidity shall not go, especially in dealing with inexperienced women and children.

2. Competition forces the wage scale downward. The very fact

<sup>1</sup>This article, at greater length, was originally printed in the *American Cloak and Suit Review* for March, 1923, under the title "No Store Efficiency without Fair Wages."

that men appear before the Massachusetts State Commission to ask an abolition of the minimum wage law confirms this. During the next few years we shall have the greatest competition we have ever had in this country, because our producing power is far in excess of what our people are going to use, or can use.

It is argued that a mandatory minimum wage law in any state would drive out certain lines of business. I would answer that it is better for any business or any industry not able to pay the minimum wage to leave the state. Granting that neither greed nor inefficient management has anything to do with the inability to pay more, we ought to consider carefully whether such industries, even though established in the state, should not be discontinued and transferred to communities which have better natural facilities for carrying them on with efficiency and profit. Any business that cannot pay a living wage—a wage that will produce profitable consumers—is not good for the state and has no place in it. By not paying its employees an adequate wage, it forces them to be supported, at least in part, by their relatives, friends, or by the public. The charges which the public bears on their account must be added to the cost of living, and go finally into the cost of the products of the better managed businesses, making it more difficult for them to compete with the products of businesses situated in states where underpayment is not allowed. This is a thing I want emphatically to maintain.

The minimum wage is ordinarily looked on as benefiting working people only. I contend that it is a boon to the employer as well as to the employee. Low wages make cheap standards in employers and cheap standards in employers result in inefficient employees. The average employer has to use a very large part of his time and energy in trying to keep things running smoothly between his executives and employees. This is not due to any viciousness of the employees, but merely to the fact that they are an underpaid and discontented group of people. A working girl worried about paying for her clothing and lodging isn't going to be either happy or ambitious. You cannot get effective organization out of people who are unintelligent, and people cannot be really intelligent who have not enough to live on properly. Where the hard pressure of mere living—obtaining food, clothing and shelter—ends, the possibility of intelligent action begins—intelligent study, comprehension of the fundamentals of the business, appreciation and enjoyment of the work that is to be done, coöperative and effective organization of the group in carrying on the business. The better the wages, the better off are we in the management, other things being equal.

A \$14 minimum wage moreover forces us to get \$14 worth of work out of an employee. If the state fixes the minimum wage at a proper



level, it helps me as well as my employees. It helps me first by making sure that somebody isn't going to undersell me at the expense of his employees. It also prevents me as an employer from having a body of employees who, because they are not paid decent wages, are incapable of being consumers for my business. In the third place, it helps me by forcing me to help every employee to earn at least \$14. Two \$7-a-week people are nowhere near the business asset that one \$14 person is. If I have two \$7 people turning out a piece of work by their combined effort, I do not feel compelled from the standpoint of profit to take an interest in them. I am busy, and so long as I get reasonably good \$7 results I am not forced to take enough interest in them to educate them to be worth \$14 apiece. If, however, you make me pay \$14 to one person, then I am going to teach him to be efficient enough to earn \$14. In our store we find it pays to have classes and to try in every way to make our employees capable of earning a high wage.

Furthermore, a minimum wage law forces us to interest ourselves in community affairs—in the public schools, to see that they do a job as nearly right as possible in educating those who will become our employees so that they can make the \$14 wage profitable to us. Also in the street car service, to see that our employees are not left standing in the rain and get colds that incapacitate them; in housing, to see that the speculators do not make the rents too high. In short, we feel that our responsibility toward our employees is definitely increased and try to help them to become more efficient and in many respects we feel that we succeed. One feels greater responsibility for an important expense than for an unimportant one.

This effort to obtain all-round efficiency in our business and in our communities will mean an all-round gain because it will result in a leveling upward of the standards of health, education, and the general intelligence of the citizens of our state. When wages are paid that remove worry, that allow the building up of physical and mental energy by proper food and housing, and the increase of comfort and self-respect by the purchase of proper clothing and similar necessities, the chance is created for more intelligent action on the part of employees, for study and training that will fit them for good work and for greater efficiency in the jobs at which they are employed.

Even if the minimum wage should force the discharge of a certain number of people, it is better that it should be so. That isn't a bit heartless. If we should, as a result of the law, find a large number of people who cannot earn a living wage, the state will have to get on to its job. And we citizens will have to get on to our jobs. No member of the Massachusetts Commission on Unemployment and the Minimum Wage would seriously maintain, for instance, that if the paying of a

living wage made it impossible to employ blind people, that result would constitute a reason for making the minimum wage so low that blind people might be employed. I think there is nothing better for the community, or for the nation, than to find out how many people are in it who cannot earn a living wage. For state and community will then be forced to take care of the incompetent, recognizing it as the fault of the public that they are so ignorant or untrained as not to be able to earn a mere living wage.

A real minimum wage means a leveling up in the whole housekeeping of the city, of the state, and of the nation. It means that we have got to set our scales right, that we have got to make the conditions in our cities and states such that people can get a living if they are willing to work. It means that we must give them sufficient training so that they can earn a living. I am convinced that the minimum wage is one of the big means toward public efficiency. A minimum wage properly fixed means a leveling up; a wage of \$5, or \$6, or \$8 means a leveling down. The low wage is therefore more costly for the state and nation, measured by all the higher and truer standards, and also measured by the actual final total cost in dollars, than is a living wage.

Finally, if we have to pay a living wage, it will help us to get away from the habit of thinking about lower wages as the only remedy for high cost of production. The big thing in business and industry that makes for high costs is waste—waste growing out of inefficient management and inefficient labor. We have not yet begun to appreciate that, much less to control it; because the easiest thing in the world, until the minimum wage came, was to cut down wages, or, at least, to attempt it. But our industrial waste is enormous, even in those businesses with a reputation for careful and efficient management.

In our store, we set down just two things as the ethics of our business; first, that we have no right to make money unless we serve the community; second, that the real service to the community is not something indefinite, but is the selling of goods cheaper and cheaper, provided they are made and sold under just and fair conditions. With that in mind, there is a spiritual as well as a business compulsion on us to cut expenses. But there never comes to us now the suggestion that we can lower our expenses by cutting salaries and wages. We know that this would be the most short-sighted way of approaching the problem.

To those who are against the minimum wage law, the easiest solution to their business problem seems to be to cut wages down. But they do not see what is really the big cost in business—waste, and devote themselves to getting rid of that. Mr. Hoover and his group of engineers have made a report on waste in industry compared with

which what I am saying here on the subject is very mild. When we are forced by the existence of a minimum wage to apply our corrective endeavors to the real source of high costs—waste—we shall be taking a real step forward.

In this connection, I will call attention to a result which cannot be ignored—to the man who has produced the best commodity for the price of its kind in the world, produced it in quantities never before dreamed of, and produced it so cheap that it can be sold in competition with the cheap labor of Europe—so cheap, indeed, that no country can make it to compete with him. I refer to Henry Ford. He has produced twelve hundred thousand automobiles a year—eight a minute—has financed his whole business from the profits, and has become the richest man in the world. And the minimum wage he pays is so high that if it were proposed in Massachusetts those who advocated it would be set down as crazy. Even at his high minimum wage he has been able to employ the lame, the crippled, and the blind of the community, not as a charity but at a profit. The statistics in his autobiography covering these facts are amazing. The demonstration of the possibility of the minimum wage speaks louder than my words, and I hope it may be borne in mind in any decision of the minimum wage question.

EDWARD A. FILENE.

## FISHER'S "THE MAKING OF INDEX NUMBERS"

Professor Fisher has again enriched the field of quantitative economics by a work on index numbers<sup>1</sup> which must be of far-reaching importance. Through the searching examination which he has made, Professor Fisher has revealed, as perhaps no worker in this field before, the solid foundations upon which index numbers rest, and the unexpectedly high degree of accuracy obtainable, even through some of the simpler methods of construction. He has shown that their reliability is much beyond that, I think, which most workers in this field had imagined; and he has revealed the especial weaknesses which any particular method may possess. Coming at the present time, when index numbers have, by a curious turn of events, assumed such a widespread practical importance in our everyday life, this is a service of very great value.

The work is devoted almost entirely to methods of averaging and weighting; and more especially the former. In his introduction Professor Fisher recites twelve characteristics or "attributes" which index numbers possess, and adds: "Of these twelve attributes, I shall deal in detail with one only, namely, the formula." He describes first the six methods by which averages of a series of numbers, and especially of prices, may be obtained: namely, the arithmetic, harmonic, geometric, median, mode, and aggregative, in their simple forms. The first of these is the original type of index number and still used, for example, in the *Economist*, the *Statist* (Sauerbeck), and some other well-known series. Almost none of the others are used in their simple forms, save the simple aggregative, which is the Bradstreet index.

In almost all the newer series, and, indeed, some of the older, as in Jevons' pioneer work, it was recognized that any method of simple averaging may be subject to a certain error by giving so-called equal weight to each of the commodities included. Thus, the new index of the Bureau of Labor, both in its original and revised form, is a "weighted" aggregative; the new British Board of Trade, a weighted geometric; the Harvard Committee's index of basic production, the same, and so on. Of methods of weighting there are several: (1) by the values assigned in the base year or period of the index; (2) by the values of the given year or period which is to be compared with the base; and (3) a system of hybrid values in which, for example, the price of each commodity is multiplied by the quantity in the given year, or the price in the given year by its quantity in the base year.

The book then discusses the methods which have been proposed for testing the accuracy of any given series, and takes up the two tests which seem to Professor Fisher the most decisive. These are, first, the time reversal test, in which the computations are worked backwards

<sup>1</sup>Irving Fisher, *The Making of Index Numbers*, Boston, Houghton Mifflin Company, for the Pollak Foundation (1922, price \$7.50).

and compared with the original; and, secondly, the factor reversal test, in which prices and quantities are interchanged. With these foundations laid, the book then proceeds to the experimental study of practically all the principal forms which could be devised from these six types of averages and different types of weighting.

What Professor Fisher has done is to take thirty-six standard commodities of wide distribution and large value, and submit these to an intensive study through the six years which have shown the greatest dispersion of prices of any period since our Civil War, namely, from 1913 to 1918, inclusive. Almost all index numbers, in times of narrow movement and slight dispersion, will show but slight divergence. It is in times of very wide movements and very great dispersion that the strength or weakness of a given form may be revealed, and its reliability tested. To this acid test he then, in turn, subjects the forty-six different primary formulas, which may be derived from the combination of the different methods of weighting and averaging, with the intent to obtain quantitative results.

From this experimental study Professor Fisher is able to identify what he calls the biased types of index numbers and to calculate the degree of bias which they may have under given conditions. Having attained this clear picture of the different types, he is enabled to go on to an extremely ingenious system of "rectifying" or correcting biased index numbers, showing that it is possible to take almost any method of averaging and, by a proper system of weighting, wholly to neutralize the skew. This part of the work, especially, is strikingly new.

Following this exhaustive examination, Professor Fisher deals, in two interesting chapters, with the question of what "simple" index number is best; and, secondly, what is the best or "ideal" index number of all. He discusses at length the so-called circular test, that is, the comparison of any pair of years in a series with themselves and with any other year, as well as with the base year. His conclusion is that, theoretically, the circular test ought not to be fulfilled by an ideal index number but that, for practical purposes, it is fulfilled by the best index numbers. The evidence is the "infinitesimal gap" disclosed in the actual results.

Finally, Professor Fisher takes up such practical matters as speed of computation, revealing, naturally, an enormous difference, ranging from one hour, for the simple aggregative, to as high as sixty-four hours for some of the more complicated formulas. Such questions as the commodities employed, the assortment of "samples," the basis of classification, the number of quotations, the probable error in the data, are briefly discussed with a final summary of findings as compared with those of a long line of his predecessors.

This brief outline gives but a slight idea of the actual labors of



computation which have contributed to make this book a landmark in the history of index numbers. To the writer the more interesting results may be summed up as follows:

(1) There is no "perfect" index number attainable. Every method of computation involves certain intrinsic difficulties, such as were so strongly insisted upon by N. G. Pierson, the Dutch economist. But for all practical purposes, in a well-constructed index, these difficulties are negligible.

(2) All methods of averaging may, by the simplest of methods, be rectified so as to approach in accuracy almost the highest attainable ideal.

(3) There is no need of using highly complicated formulas, save in a recondite examination, for the purpose of establishing a norm of accuracy.

(4) In Professor Fisher's judgment, there is no best formula "for different purposes." Other considerations than the accuracy of averaging must determine the choice of formula.

(5) "The real problem of accuracy is now shifted to the other features of an index number—the assortment of commodities included, their number and data."

In substance these conclusions confirm the more theoretical results arrived at by previous standard writers upon the subject—Walsh, Edgeworth, Mitchell and others. But where the others, save Mitchell and a few that might be named, have dealt largely with theory and little with experiment, the great merit of Fisher's work is that it is built upon a wide experimental examination that gives to these results a solidity which nothing else could.

But little examination has been made of the index numbers actually in use. This has been reserved for a proposed supplementary volume: and the writer cannot but believe that such a study would have modified some few of Professor Fisher's conclusions and his view of some of the simpler methods of calculation. The statement regarding one of these latter, the Statist index number, as being askew by some 31 to 36 per cent, depending on the base year chosen, turns out to have been due to an error of computation. It is the only glaring case of bias cited among actual index numbers.

The observation might be made that Professor Fisher carried out his entire investigation with a study of only thirty-six commodities; and while it is true that mere increase in number of items does not correspondingly decrease the probable error, a larger and wider assortment certainly does. Thus, as is noted below, the Bureau of Labor index, from 1890 to 1913, with ninety-two commodities, proved upon test to be practically as good a number as could have been constructed for that period. As a matter of fact, Professor Fisher's index numbers

for these thirty-six commodities, worked on Formula 53, the aggregative method, differ much more widely from the Bureau of Labor Statistics index, of between 300 and 400 items, averaged by the same method, than the old Bureau of Labor averages differ.

In other words, it is clear that, while the method of averaging may be of importance in an index with a small number of items, it grows less and less so with the number and variety of samplings. Therefore, it is quite possible that a larger list, of possibly greater variety, though it would have heavily increased the work of computation, might have yielded rather different results, not perhaps qualitative but rather quantitative, and of such a character as materially to modify some of the rather dogmatic views which Professor Fisher expresses.

This is especially true of the simple arithmetic average, unweighted and unrectified. The truth seems to be that even this friendless mongrel of index numbers may be, if only the assortment be large enough and varied enough and representative enough, as good an index as the best that can be made. Professor Fisher himself cites the significant work of Mitchell on the Aldrich Committee numbers in showing, that, even through the wide dispersion of the Civil War prices and the subsequent period, different systems of weighting affected the results relatively little. This could only have been due to the fact that the sampling must have been highly representative and sufficiently wide.

Again, we speak very loosely when we refer to the simple arithmetic as being of equal weighting, for, as Professor Macaulay and Mr. Flux have pointed out, there is an implied weighting even in simple averages of ratios, and this implied weighting may markedly affect the result, according as widely separated base years are chosen. For example, if, as was the fact, rubber could fall in ten years to one tenth of its previous price, obviously at the end of that ten years its relative weight in an average of ratios was one tenth of what it was at the beginning.

There is, moreover, a tendency always, in all prices, to a constant dispersion. Thus, as is well known, in the last fifty years food prices and forest products, lumber, etc., have been steadily rising relatively to the general level; and in the same period pig iron and many other products, like rubber, have been steadily falling; and it seems doubtful if any a priori method of weighting could be devised which could wholly neutralize the effect of this dispersion. Here, clearly, safety and accuracy lie in numbers and variety. Some plan of steadily changing weights might help very much, and this might not be very difficult, since we now have for over a half century, index figures of quantity production in almost all the leading lines of industry, and it is very easy to calculate the trend of these quantities (each and all have a strikingly characteristic and individual rate of growth), and also the

relative price trend. And this may give us more accurate or more nearly "ideal" index numbers than any yet devised.

It seems clear that the effect of bias may very easily be exaggerated. It was Professor Fisher himself who, in his address at Atlantic City, showed that simply by taking at random a column of newspaper price quotations, and setting these down without regard to the decimal place, so that all the left-hand integers were in the same column, a fairly satisfactory index would result. This is a variant of the simple or "unweighted" aggregative, which is the twin brother of the simple arithmetic.

Again, Mr. Henry E. Niles has plotted together the old Bureau of Labor index, from 1860, which was a recalculation of the old Falkner index prepared for the Aldrich Committee, and, from 1890, the new Bureau of Labor Statistics index, with base values of 1909, and the revision of that index on base values of 1919. The old Bureau of Labor index is the simple arithmetic, including about ninety-two commodities, with a so-called "equal weighting." The second and third are the weighted aggregative, which is among the "very good" formulas recommended by Professor Fisher as approximating the "ideal."

Now, the extraordinary thing is that, in comparing these three indices it is found that the difference between the two new Bureau of Labor Statistics indices, for 1920, for example (due wholly to the different base year values chosen for weighting), was much greater than the difference between either of these new indices and the simple arithmetic for any year throughout the twenty-four years from 1890 to 1913. This could hardly have been pure chance. In other words, for these twenty-four years, at least, the simple arithmetic was as good an index, on test, as the weighted aggregative.

Again: We have plotted the three chief British index numbers, the Statist, the Economist, and both the new and old Board of Trade numbers, together with the index of twenty basic English commodities, regularly prepared by the Federal Reserve Bank of New York for weekly comparison with twenty basic American commodities. Here are indices on three different formulas, the simple arithmetic, the weighted geometric, and the weighted aggregative, and the difference between the five indices, save as to the peak attained in 1920, is extremely small; and, as we have seen, the same difference in an erratic year like 1920 may result, even with the weighted aggregative, simply through a change in the base year weighting.

It seems perfectly clear from this and similar experiments that the simple unweighted arithmetic scarcely deserves to be discarded, as Professor Fisher says, "perhaps somewhat harshly," as "worthless." If the writer might make his own interpretation of Professor Fisher's admirable work, it is that the choice of method save where the number

of items is small, is relatively unimportant. The choice of weights, of material, of the accuracy of the data, of the number of quotations, is of far greater importance, and it is these and not the method of averaging which makes practically all the remarkable differences, for example, which appear at this moment between the different indices of prices in this country. Whereas the new Bureau of Labor Statistics index shows, at the present time, a rise of only 13 per cent from the low point of 1921-1922, Bradstreet's is up 30 per cent; the New York Reserve Bank's 20 basic, 31 per cent; and the Harvard index of 10 sensitive commodities, 55 per cent. Such disparity of results might well be regarded as a scandal of index numbers, and as discrediting them all.

But this wholly depends upon the use to which they are to be put. Bradstreet's, in spite of its somewhat fantastic method of weighting, is actually the best barometer of the trend of prices in this country that we so far possess. The Bureau of Labor Statistics index does not quickly and clearly portray these price movements, perhaps by reason of its endeavor to include so large a number of commodities, and possibly from the fact that it may be rather badly weighted. The mere increase in the number of quotations, *in itself*, as Professor Fisher is at pains to point out, increases the probable accuracy of an index only by the square root of the number of items averaged. It is the sampling and the weighting that is the vital thing. And inasmuch as the Bureau of Labor Statistics index is coming to take on an official character, as the court of final appeal in a great many important questions, it would seem well worth while that the construction of this index should again be revised by a committee of well-known experts.

It is not a scandal that this index and others should so widely disagree at the moment, but it is a scandal that there should have been a difference of more than 10 per cent at the point of widest divergence between the computation on 1909 weights and the revision on a base of 1919 weights. An index which can vary thus widely, on identically the same method of computation, is not suitable as a final arbiter.

There is an additional reason for such a revision, since it seems as if, as a recent writer in the *Economist* expresses it, the United States is being driven by the force of ineluctable circumstance to some kind of an experiment with index number control, in the endeavor to regain that economic stability which it lost in the war, and in the topsy turvy conditions since prevailing. Nothing could offer a firmer base for this, nor, in the end, lend greater confidence to the use of index numbers than such a painstaking work as that which Professor Fisher has carried through. He has cleared away much debris, so that the solid structure built up in the last fifty or sixty years stands forth now in clear and precise outline.

CARL SNYDER.

## TENDENCIES IN THE AUTOMOBILE INDUSTRY

The growth of the automobile industry has been marked by a considerable number of changes in the original companies through reorganization, consolidation, or their entire elimination as separate operating companies. In this paper an examination is made of these various realignments and readjustments in order to discover to what extent the industry has already entered upon, or is about to enter upon, a period marked by integration, combination, and monopoly. The paper has to do also with the relative benefits and disadvantages accruing from either complete or partial integration and monopoly. Tendencies toward combination, as well as actual corporate consolidations, are reviewed in order to determine the basis for such combinations and also to compare the expected results from such policies with those actually secured.

In order that there may be some adequate basis for a study of the tendencies under discussion, a number of the more representative companies have been selected and their history briefly reviewed.

### THE GENERAL MOTORS CORPORATION

The General Motors Corporation, which is one of the outstanding organizations in the automobile industry, was organized originally on September 16, 1908, as the General Motors Company of New Jersey. This company was given a perpetual charter for "the purpose of engaging in the manufacture of and dealing in motors, motor cars, and machines; to acquire from others their business if of the same general characteristics as that for which the corporation is organized; to acquire patents and trade marks; to acquire and dispose of by sale, mortgage, or otherwise, securities of other corporations with similar corporate powers and to aid such other corporations."

Business conditions immediately preceding the formation of this company were important factors in its organization. The chaotic conditions of 1907-1908 had seriously affected the automobile industry. Sales were greatly reduced, factories were closed down entirely or were operating at a fraction of their normal capacity, and a number of the weaker companies had been forced into bankruptcy. The immediate outlook was doubtful and there were many competent persons who seriously questioned the future of the industry. Under such conditions this company was organized.

The promoter of the company, Mr. W. C. Durant, had faith in the future of the industry. He had been successful in building up the

<sup>1</sup>Moody's *Manual of Corporations*, 1913, p. 1413.



Buick Automobile Company, and now utilized the profits derived from that project to secure control of the Cadillac Motor Car Company, the Oakland, which was practically bankrupt, the Oldsmobile Company, which was not earning its dividends, and several smaller companies.<sup>1</sup> This concentration of control made possible the adoption of certain policies from which marked advantages were expected. The development of a complete line of cars by one organization permitted it to appeal to an unusually broad market; this greatly increased the volume of sales, and made possible mass production, with its accompanying increase in manufacturing efficiency. Not only was the manufacturing and sales position of the various companies bettered, but their financial position was also greatly strengthened by this concentration of control.

The policy of expansion adopted by the company, in order to round out its organization, resulted in additional companies being acquired during the following year, so that by September 30, 1909, the organization consisted of eleven automobile companies, two truck companies, and eight parts manufacturers, with a total production in 1909 of 28,500 cars,<sup>2</sup> representing approximately 24.5 per cent of the total annual production of all cars, exclusive of Fords.<sup>3</sup> The year ending September 30, 1910, was void of any additions; but the following year the company acquired the Welch Motor Car Company of Pontiac, Michigan, and the Heany Company, a holding company controlling companies engaged in the production of incandescent lamps and asbestos-covered magneto wire. In order to make effective its policy of increased manufacturing efficiency, the company discontinued the manufacture of a number of makes of cars, and began the transfer of manufacturing activities to the more efficient plants. Pursuant to this policy, in 1913 seven companies were eliminated as separate organizations and were converted into parts-producing units, and by 1914 the company had standardized its output to five makes of cars and one truck.<sup>4</sup>

No important additions or consolidations were made in 1915, because the facilities of the company were taxed by the increased volume of business that came with the general development of the industry. As a result of this rapid development, the company produced, in 1915, 138,000 automobiles and 6,000 trucks, or approximately 28 per cent of the total production of automobiles, exclusive of Fords, and 8 per cent of the total truck output for the year.<sup>5</sup> This growth continued unabated during 1916, resulting in an even greater expansion of the

<sup>1</sup>*Motor*, January, 1923, reprint, p. 12.

<sup>2</sup>*Moody's Manual of Corporations*, 1910, p. 2718.

<sup>3</sup>*Facts and Figures of the Automobile Industry*, 1921, p. 7.

<sup>4</sup>*Moody's Manual of Corporations*, 1915, p. 2583.

<sup>5</sup>*Facts and Figures of the Automobile Industry*, 1921, p. 7.

company's productive facilities.<sup>7</sup> Increased manufacturing efficiency was also secured by discontinuing production of the Carter-Car and converting its plant into a parts factory.<sup>8</sup>

During this year also the General Motors Corporation was organized as a holding company under the laws of Delaware, to acquire the assets of the General Motors Company. Control of this company was vested in the Chevrolet Motor Company, which owned a controlling interest in the corporation's stock.<sup>9</sup> The general policy was adopted of maintaining the separate corporate existence of the various subsidiary companies and of operating them as divisions of the parent company.

An important departure in policy occurred during 1917, when the corporation entered the farm tractor business through the purchase of the stock of the Samson Sieve Grip Tractor Company of California and the business of the Janesville Machine Company of Janesville, Wisconsin.<sup>10</sup> In 1919 the tractor facilities of the corporation were greatly extended by the construction of a large tractor plant at Janesville, and by the purchase of an agricultural implement manufacturing company to provide suitable farming implements for use with the corporation's tractor.<sup>11</sup>

The addition of the Chevrolet Motor Company to the corporation's holdings on May 2, 1918, not only simplified the corporation's financial relations but also resulted in a marked increase in the productive facilities of the corporation. The Chevrolet Motor Company, in addition to producing 125,000 cars in 1917, also controlled through its subsidiary companies the production of such units as motors, axles, transmissions, and bodies used by the company itself. One of its subsidiaries, the United States Motors, in turn controlled other companies engaged in the production of roller bearings, electrical equipment, radiators, rims, and other devices used in the industry. The Chevrolet Company had also established assembly plants in California, Missouri, and Ontario, Canada, for the more convenient and economical distribution of its cars.<sup>12</sup>

In anticipation of the ever-increasing requirements of the business of the corporation, a considerable increase in manufacturing facilities was provided in 1919 by the construction of a new foundry and a new forge shop, the purchase of several parts factories, and the establishment of a truck assembly plant in eastern territory. The Fisher Body Corporation, the largest producer of bodies in the industry, was also acquired in 1919, in order to assure the corporation of control over

<sup>7</sup>Moody's *Manual of Corporations*, 1917, p. 400.

<sup>8</sup>*Ibid.*, 1917, p. 401.

<sup>9</sup>*Ibid.*, 1917, p. 400.

<sup>10</sup>*Ibid.*, 1918, p. 2133.

<sup>11</sup>*Ibid.*, 1921, p. 1482.

<sup>12</sup>Moody's *Manual of Corporations*, 1918, p. 2182.

the major portion of its body requirements. The Fisher Body Corporation also has extensive facilities for the manufacture of body and automobile hardware. This company also brought with it the National Plate Glass Company, with an annual production of 11,000,000 square feet of plate glass.<sup>13</sup>

With the coming of the recent depression, the General Motors abandoned further expansion of manufacturing capacity and concentrated its attention on the problem of securing increased efficiency within the organization. The tractor project, having proved unsuccessful, was abandoned and the plant utilized for other purposes. The miscellaneous activities which the company had acquired as incidental to its growth were either eliminated or brought into proper relationship to the organization. Since the recent acquisition of a differential gear manufacturing company, the corporation not only has a satisfactory car manufacturing capacity, but also owns plants for the manufacture of all of its more essential parts and accessories.<sup>14</sup>

*Financial Control of the General Motors Corporation.* The financial history of the General Motors Corporation is closely linked with the personality and activities of Mr. W. C. Durant, who in 1908 organized the original General Motors Company, and who retained control until 1910. In that year he was forced to relinquish control to eastern banking interests for a period of five years, as a condition for the advancement of the necessary credit to the company. However, at the termination of the period, he was able to eliminate the eastern interests because the Chevrolet Motor Company, of which he was president, had acquired a controlling interest in the stock of the General Motors Company.<sup>15</sup> In 1916 the present General Motors Corporation was organized to take over the holdings of the General Motors Company; and in 1918 the corporation absorbed, through an exchange of securities, the Chevrolet Motor Company, which had previously controlled it.<sup>16</sup>

<sup>13</sup>*Annual Report*, General Motors Corporation, 1920, p. 7.

<sup>14</sup>*Annual Report*, General Motors Corporation, 1922, p. 21.

<sup>15</sup>*Motor*, January, 1923, reprint, p. 15.

<sup>16</sup>*Moody's Manual of Corporations*, 1918, p. 2133. In 1910 the eastern banking interests, as a condition for supplying the much needed credit to the General Motors Company, were able to establish and control a voting trust of the common stock of the company for a period ending September 18, 1915. Mr. W. C. Durant was replaced as president of the company and became a director. In a short time, however, he was instrumental in organizing the Chevrolet Motor Company of Flint, Michigan, and on December 23, 1915, its authorized capital stock was increased from \$20,000,000 to \$80,000,000 (*ibid.*, 1917, p. 399). The stockholders of the General Motors Company were then invited to exchange their General Motors Stock for Chevrolet Motor Company stock and by February, 1916, Mr. Durant and his associates had disposition pledges covering the transfer of 100,000 shares out of a total of 165,000 shares of General Motors Company (*ibid.*, 1916, p. 2352).

On October 13, 1916, the General Motors Corporation was organized for the pur-

The unprecedented demand for the corporation's product, and expected continuance of this prosperity, resulted in a policy of expansion involving exceedingly heavy borrowing by the corporation. The coming of the depression, which was extremely severe in the automobile industry, found the company in the midst of this program and in need of credit. The du Pont de Nemours and Company, which in 1918 had secured a substantial interest in the General Motors Corporation, was able to secure control of the corporation in the latter part of 1920, Mr. Durant retiring from the corporation on December 1, 1920.

The eastern banking interests had long been interested in securing a foothold in the automobile industry, and had been temporarily successful in the case of the General Motors Company during the period 1910-1915. The recent transfer of control to the du Ponts, with the affiliation of J. P. Morgan and Company and of British-Canadian interests, again ties the corporation up very closely with the East."

*Integration.* The history of the General Motors Corporation indicates a definite policy favoring the manufacture and production by the corporation, either directly or through subsidiary companies, of a large number of the component parts utilized in the building of its several cars. The company in 1912 manufactured relatively few of the essential parts of an automobile, whereas in 1920 the organization had extended its scope so that not only all the engines used in its cars, but a large proportion of such units as gears, axles, crankshafts, radiators, electrical equipment, roller bearings, warning signals, spark plugs, bodies, plate glass, and body hardware, were produced either by a General Motors unit or by a subsidiary.<sup>19</sup>

The policy of the company has in the main been to acquire a sufficient parts-manufacturing capacity to insure an adequate supply for its normal needs, with the option of drawing on the market for such additional quantities as conditions may demand. In a few cases the pose of acquiring the stock of the General Motors Company and the stockholders of this company were requested to exchange their stock for General Motors Corporation stock. In accordance with this request the Chevrolet Motor Company deposited its stock in the General Motors Company, receiving in return 450,000 shares of the corporation's stock, thus giving it control of the corporation as of December 31, 1916 (*ibid.*, 1917, p. 399). Mr. Durant, as president of the Chevrolet Company, was again in control of the situation, the eastern bankers were repaid and the voting trust dissolved. The General Motors Company was dissolved as of August 1, 1917, the new General Motors Corporation taking over its plants and business (*ibid.*, 1917, p. 399).

In order to simplify the corporate structure of the General Motors Corporation a plan was effected providing for the exchange of Chevrolet stock for General Motors stock. As a result of this exchange the General Motors secured possession of the stock of the Chevrolet Company which then became a subsidiary of the corporation (*ibid.*, 1919, p. 2486).

<sup>19</sup>Moody's *Manual of Corporations*, 1921, p. 1483.

<sup>20</sup>*Annual Report*, General Motors Corporation, 1920, p. 7.

corporation has an excess of parts-manufacturing capacity, and the excess is made available for the general trade. The corporation has for the most part confined itself to the production of such articles as relate largely to the manufacture of automobiles. In some cases, such as steel, tires, and batteries, where the proportion of the total output which is used by the automobile manufacturers is relatively small, the General Motors Corporation has found it advisable to purchase its requirements, rather than to control such companies.

*Combination.* The growth of the corporate holdings of the General Motors Corporation has been attained through the consolidation of a number of individual companies into the parent organization and also through the creation of additional units. In securing control of the independent companies, the corporation has in some cases purchased their assets outright; in others it has secured possession of all the common stock; while in still other cases it has secured only a majority of the common stock. The corporation has, in the majority of cases, allowed these companies to retain their separate corporate existence, operating as divisions of the parent corporation. In the case of some of the companies, however, it has been found desirable to discontinue their corporate existence and to convert them into simple operating units of the corporation.

The corporation has provided for a considerable degree of freedom within the divisions in the carrying out of their manufacturing activities; and while it maintains a central sales organization, a central personnel department, a central research department, and other similar departments, they serve primarily in an advisory capacity, and each producing unit is placed largely on its own responsibility as to methods and results. The corporation has in addition permitted the various automobile divisions to produce cars of different types and sizes, some of which compete with each other on the market. It has not attempted to concentrate its activities on the production of one particular car or one brand of cars produced in various models. Rather it has followed the policy of producing a number of different types, sizes, and models, in order to reach the largest possible market.<sup>29</sup> In a few cases where there has been excessive duplication of models by the various divisions, the less popular models have been discontinued; in the case of several of the companies, the plants have been converted into parts factories. The corporation, in following out this policy of producing a number of types and models, has recognized the fact that the automobile market consists of a number of classes or levels of demand and that the element of style enters largely into the sale of an automobile.

An examination of the production figures of the various units indi-

<sup>29</sup>*System*, October, 1920, p. 610.



cates that they have enjoyed a very substantial growth, one which has been at least in proportion to that of the automobile industry as a whole. The presence of numerous competitors has made it inadvisable for the corporation to restrict output, even if it had so desired. The evident policy, therefore, has been to permit each unit to enter into competition not only with the outside competitors but also to some extent with the other units of the corporation itself, thus securing the maximum cultivation of the market.

This has been true not only in the case of the sale of the finished product but also in the case of the various parts-makers within the organization. While it is expected that the various automobile divisions will give preference to a corporation parts-maker, still they retain the right to buy from outside sources if better prices can be secured. The parts divisions, likewise, have the right to sell their product to the general trade if they can thereby secure a more favorable price. Thus efficiency is not hindered by the common ownership of the divisions; rather the arrangement is such that it secures for each division the results of its labors and renders it impossible for an inefficient division to throw its burden upon the others.<sup>20</sup>

In its development the corporation has also acquired a number of businesses which are not closely allied to the production of automobiles, such as a farm lighting business, a mechanical refrigerator company, etc. These activities have, however, been acquired largely as incidental to the securing of other activities which pertain directly to the production of automobiles. For example, the farm lighting business came with the Delco Company, a large producer of automobile electrical equipment. The mechanical refrigerator business was acquired in order to broaden the field of activity of the corporation; but this policy seems to have been abandoned, and the importance of these various and miscellaneous activities is now insignificant as compared with the principal business of producing automobiles. It appears, therefore, that the corporation has adhered closely to its original business and has concerned itself primarily with acquiring control of such other companies as are engaged in the manufacture of automobiles, parts, or closely allied products.

*Monopoly.* The General Motors Corporation, with an annual production of 400,000 automobiles,<sup>21</sup> is the largest single producer of automobiles, exclusive of the Ford Motor Company. The productive capacity of the industry in 1920 was approximately 2,200,000 cars.<sup>22</sup> When the output of the Ford Motor Company is deducted, the total annual production of all other producers is approximately 1,200,000

<sup>20</sup>*System*, October, 1920, p. 610.

<sup>21</sup>*Annual Report*, General Motors Corporation, 1920, p. 6.

<sup>22</sup>*Facts and Figures of the Automobile Industry*, 1921, p. 7.

cars, of which the General Motors Corporation produces about 33 1-3 per cent.

A consideration of the possibility of monopoly control by the corporation can best be made by considering each of the three principal classes into which the industry is divided.

Among cars of higher price, the corporation is represented by the Cadillac, of which approximately 20,000 are produced annually. This car, which has one standard chassis, is produced in a number of body styles and sizes. It has as its competitors such cars as the Packard, the Lincoln, the Peerless, and the Marmon, and the total production of these competitors is several times that of the Cadillac Company. The tendency, moreover, until the recent depression, was for the number of competitors to increase; and at the present time there are at least fifteen representative companies competing in this field.

Among medium-priced cars, the Buick, the Oakland, and the Oldsmobile are offered by the corporation, in competition with such cars as the Dodge, Essex, Hudson, Chalmers, Reo, Jordan, Willys-Knight, Hupmobile, Nash, Studebaker, Chandler, and numerous others. The output of the Dodge and Studebaker Companies is approximately equal to that of the above units of the General Motors, so that the combined output of the independent companies is considerably in excess of that of the corporation. Furthermore, a review of the prices on the various cars indicates relatively little difference.

The production of the Chevrolet brings the corporation into direct competition with the Ford Motor Company; and that this competition is often keen is testified by the experience of the various Ford and Chevrolet dealers throughout the country. The Chevrolet also has the competition of the light four-cylinder Overland, of which approximately 100,000 are marketed annually. The recent advent of the Durant Motors, Inc., has also added another competitor.

This brief survey of the General Motors' competitive position indicates clearly that while the corporation is a large producer of automobiles, it does not have a monopoly of the market either as a whole or in any one of the various fields which it enters. The presence of such a large number of producers in each group indicates that even if a number of the weaker companies should disappear in the near future, there would still be comparatively little possibility of the General Motors being able to establish a monopoly. The corporation in formulating its policy, has recognized the fact that monopoly would be not only undesirable but also impracticable. It has concerned itself, therefore, with the problem of securing adequate representation in each of the various fields, rather than with attempting to secure monopoly power.

## THE DURANT MOTORS, INC.

The recent organization and growth of the Durant Motors, Inc., has been one of the unexpected developments of late automobile history. The company was incorporated by Mr. W. C. Durant and his associates on January 13, 1921, and reincorporated on April 2, 1921, in Delaware, with authority to engage in the manufacture and sale of automobiles, and also to acquire the securities of other companies engaged in this or similar business.<sup>22</sup>

The conditions which led to the formation of this new organization were of two classes, personal and impersonal. The personal factor was the personality and reputation of Mr. W. C. Durant, who had but recently relinquished the presidency of the General Motors Corporation. His experience and reputation enabled him to appeal to a wide range of investors, who had confidence in his new project primarily because of their faith in him. The impersonal factors were mainly those having to do with the conditions in the automobile industry in 1920. The industry had been seriously affected by the general business depression, sales had been greatly curtailed, plants were idle, many companies were in financial difficulties, and the outlook was exceedingly uncertain. The conditions were in many respects similar to those which existed in 1908 when Mr. Durant originally organized the General Motors Company. By organizing his company during the lower part of the business cycle he was again able to perfect his organization in time to develop along with the upward turn of the cycle.

In the two years since its incorporation, the Durant Motors has been able, either through the purchase of established companies or the development of new companies, to place on the market a complete line of six cars ranging in price from the \$10,000 Locomobile to the \$438 Star car. Plant capacity has also been secured with an estimated annual capacity of more than 350,000 cars, and new facilities are constantly being acquired. In the fifteen months prior to March, 1923, it had produced over 58,000 automobiles of which 11,000 were Star cars, the balance being Durant Fours and Sixes.<sup>23</sup>

*Integration.* The recent organization of the Durant Motors, together with its rapid growth, has been such as to concentrate the efforts of its promoters on the more immediate problems concerned with the financing of the company and the production of the initial output of cars. Little attempt has as yet been made to control the production of even the more essential parts of the various cars. In the case of the Locomobile Company, where an established company was acquired, the production of a considerable number of the prin-

<sup>22</sup>*Investor and Trader*, February 16, 1923.

<sup>23</sup>*Ibid.*, March 28, 1923.

cial units had been the custom for some time. In the case of the newly established companies, however, the general policy has been largely one of purchasing the companies' requirements from the established parts-makers. That the company intends eventually to follow a policy of integration as regards at least its principal requirements, would seem to be indicated by the recent statement of Mr. Durant in regard to the purchase of the American Plate Glass Company, in which he said, "Its connection with the Durant automobile body builders will be similar to that existing between the National Plate Glass Company and the Fisher Body Company, which the latter controls."<sup>26</sup>

If the company is able to realize the production program announced, it will undoubtedly find it advantageous to control the production of its more essential units, such as engines, axles, transmissions, bodies, etc. The extension of the policy to include the many minor accessories is unlikely to occur for some time, if at all. If the experience of the General Motors Corporation is any criterion, the company would also find it inadvisable to attempt to integrate the sources of such raw materials as steel and lumber.

*Combination.* The corporate plan of this company is very similar to that of the General Motors Corporation, in which the parent company acts primarily as a holding company and operates the various subsidiary corporations as divisions of itself. In following out this policy the company has organized a number of divisional companies, the Durant Motors of New York, Michigan, California, Indiana, New Jersey, and Canada; the Star Motors, Inc., of Delaware; Star Motor Company of New York, Michigan, and California; Flint Motor Company of Michigan; and the Mason Motor Truck Company. It has also secured control of the Locomobile Company and of the American Plate Glass Company.<sup>27</sup>

An interesting feature of the corporation is the widespread ownership of its stock. There are over 146,000 persons who are stockholders in the company, which gives it the second largest group of stockholders among corporations in the United States.<sup>28</sup>

*Monopoly.* The avowed purpose of the Durant Motors, Inc., has been to produce a complete series of cars ranging in price from the Star, which was to sell at current Ford prices, to the Locomobile in the highest priced group. In realizing this intention, the company has placed on the market the following cars: the Star, the Durant Four, the Durant Six, the Flint Six, the Princeton, the Locomobile, and also a truck, the Mason Road King.

That the company is entering a highly competitive market is evi-

<sup>26</sup>*Investor and Trader*, March 17, 1923.

<sup>27</sup>*Ibid.*, February 16, 1923.

<sup>28</sup>*Ibid.*, February 16, 1923.

dent on considering some of its rivals. In the case of the *Star* car the company will compete with the Ford, the Chevrolet, and the Overland, the keenest competition being expected from the Ford Company, which has hitherto occupied its field practically unchallenged.<sup>28</sup> Among medium-priced cars the Durant, the Flint, and the Princeton are to be offered. The company will not only have the competition of a number of the General Motors cars but will also compete with a majority of the "independents." Its higher-priced product will to some extent compete with such cars as the Pierce-Arrow, the Lincoln, and the Rolls-Royce, although an effort is being made to place it above much of this competition by raising the price considerably above the others, excepting the Rolls-Royce. The company not only cannot hope to secure monopoly control in any of the various fields, but its successful continuance in business will be dependent upon its ability to meet keen competition.

#### THE FORD MOTOR COMPANY

The Ford Motor Company, at the time of its incorporation in 1903, was engaged primarily in the assembling of its car, the motors being manufactured by Dodge Brothers, and other parts being purchased from a variety of producers and jobbers. The rapid growth of its business soon placed the company in a position where it was not only strong enough financially, but also large enough, profitably to manufacture its motors and other machined parts. In 1914 consequently it discontinued further purchases from Dodge Brothers and also greatly reduced the number of parts secured from other producers.<sup>29</sup>

In the suit of Dodge Brothers against Ford, argued before the Michigan Supreme Court,<sup>30</sup> the testimony of the plaintiffs brought out the fact that Mr. Ford had declared it to be his intention to invest millions of dollars in the purchase of ore mines in the Upper Peninsula of Michigan and in Minnesota; to acquire or build ships to transport this ore to the Ford Motor Company's blast furnaces to be erected on the River Rouge in Detroit; and to construct and install steel manufacturing plants to produce steel products to be used in the manufacture of the Ford car. Mr. Ford, when examined on the subject, stated that it was possible that the Ford Motor Company might develop along the lines indicated.

Shortly after this Mr. Ford purchased the interests of the minority stockholders in the Ford Motor Company, so that he might have entire

<sup>28</sup>The company had by January, 1923, already accepted over 231,000 orders for *Star* cars, and had over 300,000 orders waiting to be accepted (*Motor*, January, 1923, reprint, p. 26).

<sup>29</sup>204 Michigan Supreme Court Records and Briefs, p. 3.

<sup>30</sup>204 Michigan 495.



control of the company. Gigantic blast furnaces, with a daily capacity of 1,500 tons have been erected at the River Rouge. It is expected that all castings and steel parts used in the Ford car, the truck, and the tractor, will eventually be manufactured at this plant." Iron mines, at Iron Mountain in northern Michigan, have been secured through the Michigan Iron, Land, and Lumber Company, a subsidiary of the Ford Motor Company, as well as large areas of standing timber, from which the Ford Company is at the present time producing a considerable quantity of the lumber used for body frames. The ore is now transported to the River Rouge plant in chartered boats, but this situation is shortly to be changed by the substitution of Ford-owned ships."

Extensive coal properties have been acquired in Kentucky, in order to give the company control of its coal supply. Likewise, the company, through its purchase of the Detroit, Toledo, and Ironton Railway, has secured direct access to the coal fields of Kentucky and West Virginia. This railroad crosses fifteen other roads, many of which are important trunk lines, and thus insures to the Ford Company an unusually wide range of choice in the selection of routes for its other shipments."

The Ford Motor Company has extensive facilities at its River Rouge plant for the manufacture of touring and roadster bodies, but as yet these facilities have not been developed sufficiently to supply the company's requirements. Large numbers of bodies are purchased from outside manufacturers, the Fisher Body Company (a General Motors' subsidiary) being an important supplier of closed-car bodies. The recent purchase of the Allegheny Plate Glass Company of Glassmere, Pennsylvania, with an annual production of approximately 6,500,000 square feet of plate glass," and the development of extensive lumber and planing mills in northern Michigan, indicate that the company expects to increase its body-producing facilities materially.

Numerous parts, such as wheels, tops, tires, and many miscellaneous units, are also secured from outside producers. A number of years ago the company developed a small experimental plant for the production of tires; and while this department is still retained, the company continues to purchase all of its tire requirements. Mr. Ford has stated that he might at some time develop a tire factory, but as yet no such step has been taken.

Besides these plants mentioned, the company has thirty-three other plants scattered throughout the United States, twenty-two of which

"The Detroit News, January 17, 1923, p. 1.

"Review of Reviews, November, 1921, p. 494.

"Ibid., p. 487.

"The Detroit News, February 14, 1923, p. 1.

make parts, assemble cars, and act as distributing centers. Foreign assembly plants are also located in Manchester, England; Ford City, Canada; Cadiz, Spain; Copenhagen, Denmark; Bordeaux, France; and in South America. A large tractor plant is located at Cork, Ireland.<sup>20</sup>

*Integration.* The development and extension of the Ford Motor Company into the various fields described indicates a policy of integration. This policy is especially pronounced in the case of the company's steel requirements. When asked as to the reason for desiring to control the steel processes, Mr. Ford stated that it was not because of any difficulty in securing adequate supplies of steel from the established producers, as the company had never experienced any difficulty as to the delivery of pig iron. Mr. Lee, who was at that time in charge of the manufacturing activities of the company, stated that they had experienced considerable trouble every season in securing adequate supplies of iron. Mr. Kennedy, consulting engineer for the Ford blast furnace work, testified that in his opinion the Ford Motor Company could, under the range of steel prices prevailing in 1919, probably make the furnaces pay for themselves in a year.<sup>21</sup>

A survey of the Ford Company's activities indicates that the policy of the company is to control the source of its raw materials to a greater extent than even the General Motors Corporation. It has integrated its parts sources largely through the addition of new departments to the home plant rather than through the control of subsidiary parts-producing units. It is unlikely, however, that it will ever be absolutely self-contained, because of the great variety of articles needed for its products. As regards the majority of items the policy is definitely one of integration.

*Combination.* The corporate history of the Ford Motor Company has been relatively uneventful. There has been no extensive use of the holding company, as in the case of the General Motors Corporation; the Ford Company has been primarily a manufacturing company. In the case of the producers of its raw materials, the company has either purchased them outright and absorbed them, or has purchased them and allowed them to continue their separate corporate existence. In the production of manufactured parts the general policy has been to extend the facilities of the company itself rather than to purchase other companies.

Until its recent acquisition of the Lincoln Motor Car Company, the Ford Company had confined itself to a highly specialized field. This new addition is the producer of a high-priced car which not only appeals to an entirely different market but requires different methods

<sup>20</sup>Moody's *Manual of Corporations*, 1921, p. 1445.

<sup>21</sup>204 Michigan Supreme Court Records and Briefs, p. 551 and 560.

of production, so that there is little in common between the Lincoln Company and the Ford Company. Its purchase seems to have been determined largely by other than business considerations, and it is not indicative of the general policy of the Ford Company.

There is little possibility of the Ford Motor Company's entering into a combination with other automobile manufacturers. Not only has it a unique position in the industry, which it would be unwilling to sacrifice, but there is little which it could gain from any such combination. Furthermore, the fact that the company is owned entirely by Mr. Ford and his immediate family insures, in the absence of some unforeseen contingency, the continued independence of this company.

**Monopoly.** The Ford Motor Company produces for a market in which it is virtually supreme. It made approximately 95 per cent of the cars in its class in 1920. Within its field the Ford Company has many of the aspects of monopoly power, as is evidenced by the manner in which prices are revised from time to time. It is true that the Ford Company has the competition of the Chevrolet and the Overland to some extent; but this competition is not a serious menace, because of the difference in both the price and type of car produced. The introduction of the new Star car by the Durant Motors, Inc., is a factor of importance in any consideration of the future competitive position of the Ford Company, especially if the promoters of the company are able to realize their production program.

#### THE "INDEPENDENT" COMPANIES

In addition to the General Motors Corporation and the Ford Motor Company, there are a considerable number of other companies engaged in the manufacture of automobiles—106 companies in 1923.\* These companies range in size from the small assembler of cars to the larger organizations such as Dodge Brothers, Studebaker Company, Willys-Overland Company, etc. Their total annual production is approximately 1,250,000 cars, and includes the entire range of prices, although the majority of the companies are producing cars within the medium-priced group.

These companies fall into three groups when classified as to origin: (1) companies which were engaged in the manufacture of buggies, wagons, and bicycles when the automobile industry began, and which have developed along with it; (2) companies which originally served the industry as parts-makers, later engaging in the manufacture of their own cars; (3) companies organized originally and primarily for the purpose of manufacturing automobiles. In each of these groups are to be found representative companies, as the Studebaker Company in

\**The Detroit Free Press*, April 4, 1923, p. 7.

group one, the Dodge Brothers Company in group two, and the Hudson and Packard Motor Car Companies in group three. The majority of the smaller producers fall within group three; and while there are a number of strong representative companies in this group, there are also a number of companies of doubtful stability. The history of this group is one of new companies being organized, of financial and other difficulties, of their reorganization, sale, or merger with some larger organization. In the other groups it is found that the companies were for the most part well established before entering the automobile field, and that consequently their development has been more steady.

*Integration.* There is a considerable difference in policy among the various "independent" companies in regard to integration. The problem of the manufacturer of higher-priced cars is essentially different from that of either the large-scale producer or the small producer of medium-priced cars."

The manufacturer of high-priced cars, costing \$3,000 or over, has in practically all cases, adopted the policy of producing the motors, axles, transmissions, and other essential units for the car in his own factory. There are several reasons for this policy: the manufacturer is selling a quality product, and he can best assure himself of high standards, both in quality and workmanship, by manufacturing his own parts. He has also found from experience that the purchaser of the higher-priced automobile prefers to buy a car which is "manufactured" by the company rather than simply assembled. As a result of these conditions the manufacturers in this class are constantly increasing the number of parts produced within their own factory.

The small producer of medium-priced cars is usually dependent upon the parts-makers for all his parts, even the motors being purchased. This condition is very often the result of his limited financial resources. By purchasing the various units, he greatly reduces his fixed investment for tools and equipment and keeps his capital in more liquid form. If he is able to purchase all the necessary parts, it requires but comparatively little capital to assemble these parts into the finished product. The small producer also usually finds that he can secure from an established parts-maker a better article than he could produce himself and can get it at a lower price.

As the small producer increases his volume of business, he usually first attempts to produce his own motor and then extends his activities to include other of the more essential units which he believes he can produce either better or cheaper than the parts-makers.

The large-scale producers have, in practically all cases, undertaken

<sup>22</sup>*The Automobile*, May 25, 1916, p. 954.

the manufacture of the motors used in their cars. With regard to other parts, there is a considerable lack of uniformity in policy. Some companies, like the Studebaker, manufacture practically all the parts entering into their product. Other companies, like the Jordan, purchase practically all their parts and assemble them about the company's motor. The tendency, however, appears to be for the manufacturer to increase the number of machined parts produced in his own factory but to continue to depend on outside sources for such units as bodies, tires, windshields, tops, radiators, and electrical equipment.

The general tendency among the "independent" companies has been toward integration of the immediate sources of supply. No attempt has been made to integrate the primary processes, such as the production of iron or the manufacture of tires. This policy is in recognition of the fact not only that such integration would require an excessive capital outlay, but also that the demand of any of the companies represents but a small proportion of the total production of such commodities by established companies. Unless a number of the "independent" companies should unite to handle such a project, it is certain that no individual company of this group would find it a profitable undertaking.

*Combination.* In the development of the "independent" companies there have been no large-scale combinations of the various producers, as in the case of the General Motors Corporation. The larger "independent" companies have occasionally secured control of other companies, usually parts-producers, but there has been no extensive movement toward combination. In 1916 a project was launched to merge the Willys-Overland Company, the Hudson Company, the Chalmers Motor Car Company, the Electric Auto-Lite Company, and the United Motors Corporation, this last company to be closely linked up with the General Motors Corporation through the common presidency of Mr. Durant. This project failed of completion." Since that time there has been no comprehensive attempt at large-scale combination by the "independent" companies.

The increasingly keen competition in the automobile industry will render it impossible for some of the smaller and less efficient companies to continue production, and will cause them either to be eliminated entirely from the field or to seek alliance with stronger companies. There is the possibility of combining a group of companies producing complementary rather than competing cars, and thus offering a complete series of cars to appeal to all classes of buyers. However, the stronger "independent" companies have, for the most part, established

<sup>1</sup>*The Automobiles*, June 8, 1916, p. 1049.



themselves in a definite market as regards price and type of car, and there is little to induce them to attempt to broaden their market by adding the product of a weak producer. A combination of weak companies would fall heir to many of the limitations of the individual companies, and its success would be problematic.

The rapid growth of the automobile industry has resulted in the "independent" companies being controlled largely by the men who were instrumental in building them up. These men are, for the most part, still young men and active in the affairs of their respective companies, and many of them would undoubtedly be very reluctant to relinquish control of their organizations. The keen competition at the present time is also such as not to warrant the formation of a large combination with the expectation of realizing heavily from the capitalization of expected earnings. A consideration of these factors indicates that the possibility of extensive successful combination in this field is relatively small.

*Monopoly.* The presence of approximately one hundred competitors, the majority of whom are within the medium-price group of producers, indicates that monopoly, either complete or partial, is lacking among the "independent" producers. Not only is monopoly power lacking at the present time but the presence of so many competitors and the fact that the style element enters so largely into the purchase of an automobile, renders it exceedingly improbable that any one of the "independent" companies or any small group of "independent" companies could ever secure monopoly power.

#### THE PARTS INDUSTRY

In a study such as this it is necessary to consider the parts industry, because of the close relationship existing between it and the automobile industry. In this paper the parts industry will be considered only in so far as its organization and history assists in the analysis of the tendencies in the automobile industry.

The history of the parts industry may be traced back, in many cases, to the various small job-shops and small manufacturing plants which in the early development of the automobile industry produced a large portion of the various units that the manufacturers assembled into their cars. In the history of practically every automobile manufacturer there has been a period during which a very considerable proportion of the necessary castings, machined work, and manufactured parts were supplied by the parts manufacturers.

With the development of the automobile industry the number of parts-makers has increased greatly. In 1914 there were approximately 971 establishments, with a total product of \$130,000,000, and

contrasted with 2394 companies and a total product of \$674,000,000 in 1920.\*

*Integration.* In the parts-making industry no attempt has been made to integrate the producers of raw materials, except in the case of the tire industry. The principal raw material required is steel, and in this field the established steel companies have in the past been able to meet the needs of the industry. With the present producing capacity of the mills the supply is not only adequate but offered at prices which would not permit of competition by a private parts-maker's furnace. The excessive investment required for a modern steel plant has also made it practically impossible for any parts-maker to enter this field. In the tire industry the necessity for an adequate supply of raw rubber has encouraged the establishment of rubber plantations by the larger companies, but the majority of the tire-makers are dependent upon the market for their raw rubber requirements.

There has been some integration of the more immediate parts-making operations by some of the companies, either through absorbing smaller competitors and sub-parts-makers, or through the addition of new facilities in their own plants to care for the additional functions. This has been especially true in the case of the motor manufacturers. In the industry as a whole there has been little development along the line of integration, except in the case of a few of the larger companies.

*Combination.* The large number of companies engaged in the industry indicates that little has been accomplished in the way of combination. A number of moderately large combinations have been organized, such as the Steel Products Company and the Metal Products Corporation, but the industry still consists, in the main, of many small independent companies. The highly specialized character of the industry, and the relatively small investment required, have rendered it comparatively easy for a new company to enter the field, except possibly in the motor and body divisions.

The presence of this large number of companies, in addition to the increased parts-manufacturing capacity of the automobile manufacturers, has resulted in severe competition in the industry. The prices of parts have suffered a severe reduction in keeping with the reduction in the price of automobiles, so that many of the less efficient companies are hard pressed. The outlook is for the continuation of this keen competition, and it appears inevitable that many of the weaker companies will be eliminated. The tendency among the remaining companies should be to reduce their costs and to strengthen their financial position either through the combining of a number of companies or through the absorption of the weaker companies by the stronger com-

\*Preliminary Report, U. S. Census, 1920, Mfg. Section, p. 5.

panies. The more evident tendency is toward this latter development. If any combination of the first type should be organized, its purpose will be primarily to secure increased manufacturing efficiency rather than to capitalize expected earnings of the new company, because the conditions in the industry do not warrant any expectation of exceptional profits.

*Monopoly.* The parts industry, with over two thousand producers, is a highly competitive industry. In the case of the smaller parts there are a large number of companies engaged in the production of the same article. Many of the companies, it is true, produce exclusively for one automobile manufacturer, but the continuance of this relationship is dependent upon their ability to meet competition.

The number of producers of such units as motors, bodies, rear axles, electrical systems, wheels, etc., is much smaller than those producing other units, but even here competition is keen. The companies are all relatively large and well established, and are alert for business. Not only does the parts-maker have the competition of other parts-makers, but he must also meet the growing tendency of the automobile manufacturers to produce many parts in their own plants.

The tendency toward a decrease in the number of companies engaged in parts-making and the increased centralization of activities in the hands of the larger producers or combinations, has been noted. There is little prospect of any of these companies securing monopoly power, however, as the number of actual or potential producers of any class of articles appears sufficient to insure active competition.

#### CONCLUSIONS AS TO THE TENDENCIES IN THE AUTOMOBILE INDUSTRY AS A WHOLE

In concluding this survey of the automobile industry, it is possible to summarize as to integration, combination, and monopoly.

*Integration.* The tendency of the industry is toward the integration of the immediate sources of supply. No attempt has been made, except by the Ford Motor Company, to integrate the sources of raw materials such as iron, lumber, coal, etc. The automobile industry uses but a portion of the total production of these industries, and the requirements of any of the individual companies would not warrant integration on their part. There is no probability that the integration of the immediate sources of supply will be carried to the point of eliminating the stronger parts-makers.

*Combination.* There have been a number of cases of combination among the independents, but the producers involved were of relatively small size. There are a number of factors present in this section of the industry which would be favorable to more extensive combination,

but the presence of other and adverse conditions renders it unlikely that any extensive movement in this direction will take place.

The General Motors Corporation is the outstanding combination in the automobile industry. It has already secured control of the various companies necessary for its efficient operation and any further extensive additions by it are unlikely. The recent development of the Durant Motors, Inc., is based primarily upon the personal reputation and skill of Mr. Durant and the successful completion of the project depends largely upon his efforts. The companies combined are new, except the Locomobile Company, and their ability to withstand competition is yet to be determined.

*Monopoly.* The competitive situation in the industry warrants the conclusion that, except in the case of the Ford Motor Company, no company has either complete or monopoly power. The presence of numerous strong and active competitors and the peculiar character of the demand for automobiles indicates little possibility of the development of monopoly power by any one company or group of companies. The Ford Motor Company produces approximately 95 per cent of the cars in its class, and therefore has a virtual monopoly of its field. Its tremendous resources and its manufacturing efficiency are all factors which should assist it in maintaining this position against possible competitors.

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## THE AGRICULTURAL CREDITS ACT OF 1923

The past decade has seen increasing recognition in the United States of the peculiar credit needs of the farmer. The first important evidence of this recognition, in so far as the federal government is concerned, is perhaps the appointment in 1913 of the United States Commission to Investigate and Study Rural Credit Systems in European Countries. This work was done in coöperation with the American Commission assembled under the auspices of the Southern Commercial Congress. The United States Commission, it may be recalled, was appointed by President Wilson under authority of Congress which appropriated \$25,000 for the necessary expenses.<sup>1</sup>

In its report to Congress<sup>2</sup> the United States Commission recommended a system of long-term or mortgage credit for farmers and upon this recommendation was based to a certain extent the Federal Farm Loan act, approved July 17, 1916. Under this act, the continental United States is divided into twelve federal land bank districts, each served by a federal land bank which operates, with minor exceptions, through local associations of farmers known as national farm loan associations. The initial capital of these banks was nearly all subscribed by the federal government. The act also authorized the organization, by ten or more persons, of joint stock land banks, which are privately financed and which, like the twelve federal land banks, operate under the general supervision of the Federal Farm Loan Board and make loans on farm mortgage security in much the same manner, except that loans are made direct to individuals instead of through national farm loan associations. Up to the present time 79 joint stock land banks have been chartered, of which 74 are in active operation. The twelve federal land banks on March 31, 1923, had outstanding farm mortgage loans to a total amount of \$689,506,533, while the joint stock land banks had similar loans to an amount of \$300,392,914. The total of such loans under the federal farm loan act was thus \$989,899,447, representing about one eighth of the farm mortgage debt in the United States. These loans, as a rule, have a term of 33 years, 40 years being the maximum term permitted. They are repayable in annual or semi-annual instalments on the amortization plan.

### I. *Preparatory Work for Intermediate Credit Legislation*

With reference to rural short-term credit, the United States Commission recommended that the National Bank act be amended so as to permit the organization of "national rural banks" with a capital of less

<sup>1</sup>The information and evidence gathered by these two commissions was published as Senate Document no. 214, parts I, II, and III, 63d Cong., 1st Sess.

<sup>2</sup>Published as Senate Document no. 380, parts I, II, and III, 63d Cong., 2nd Sess.



than \$25,000, which is the minimum for national banks. Such national rural banks, according to these recommendations, were to be divided into two classes. Those with a capital of \$10,000 or over were to enjoy most of the privileges of the larger national banks. Those with a capital of \$2,000 or more, but less than \$10,000, were to be relatively restricted in their operations, and to constitute essentially coöperative rural banks. The Commission further recommended the organization under state laws of credit unions or coöperative credit associations patterned after organizations of this kind in Europe.

While no action was taken by the federal government in line with this part of the report, the enactment of credit union laws in various states was undoubtedly hastened by the Commission's recommendations. At the date of this report, 1913, only four states had credit union laws, namely, Massachusetts, New York, Wisconsin and Texas. Since that time ten other states, Rhode Island, New Hampshire, Virginia, North Carolina, South Carolina, Kentucky, Indiana, Nebraska, Utah, and Oregon, have enacted general laws on this subject. Only in one state, North Carolina, has material advantage been taken of such laws by farmers, but in a number of the cities in the eastern states where such laws exist, large groups of urban wage earners have availed themselves of the opportunity offered for the organization of coöperative savings and loan institutions.

In discussing short-term or personal credit for farmers, the Commission makes the following observation:

One of the first very definite and fundamental observations which must be accepted as a result of an examination into the characteristics of financial institutions in this country which serve farmers, so far as credit is concerned, is that *they were not constructed to serve the special needs of the farmers.* Because the financial institutions have not been constructed to serve the special needs of the farmers, other institutions, such as stores of all kinds and persons who are the purchasers of and dealers in farm products, have often been forced to furnish the financial aid necessary.<sup>3</sup>

A limited recognition of the farmers' credit needs may also be found in the Federal Reserve act, approved December 23, 1913. Under the provisions of this act, national banks are authorized to loan money on farm mortgages to a limited extent, while farmers' credit paper based on personal and collateral security is made discountable for a term not to exceed 6 months, the limit on ordinary commercial paper being 3 months.

Following the serious deflation in prices of farm products in 1920 and 1921, with the resulting financial difficulties, renewed attention to the problem of suitable facilities for personal credit to farmers was unavoidable. As a means of granting immediate relief, the activities

<sup>3</sup>Report of the U. S. Commission, Senate Document no. 380, 63d Cong., 2d Sess., part III, p. 10.

of the War Finance Corporation were revived in the spring of 1921 with a view to encouraging the export of agricultural products and thereby improving their price. An organization legally known as the Stock Growers' Finance Corporation<sup>4</sup> with a capital of \$50,000,000 was organized in Chicago, with the aid of prominent eastern bankers and with the advice and moral support of the Federal Reserve Board. This corporation, which was popularly known as the "live-stock loan pool," while organized to serve a different industry, was similar in many respects to the so-called Cotton Loan Fund<sup>5</sup> of 1914 through which a sum of \$135,000,000 was made available for the stabilization of the demoralized cotton market.

On August 24, 1921, the War Finance Corporation act was further amended so as to authorize the Corporation to make advances to banks and other financing institutions or coöperative associations of producers, which had made advances for agricultural purposes. This amendment may be looked upon as a distinct step in the growing recognition of the farmers' need for what has come to be called intermediate credit, by which is generally meant credit based on personal and collateral security, but having a term of maturity materially longer than that prevailing in commercial short-term credit. The Corporation under this amendment was authorized to make loans and advances for periods as long as twelve months, while such loans might be renewed from time to time for a total period not to exceed three years. Under this provision, the Corporation up to March 31 of the current year approved advances amounting to \$455,565,362. A material part of these approved advances have, however, never been called for by the institutions accommodated. The knowledge that additional funds were available if needed was in all cases an important factor in relieving the financial stress. As a result of this new activity of the War Finance Corporation, the assistance of the live-stock loan pool was found to be no longer needed, just as the aid of the Cotton Loan Fund of 1914 soon became unnecessary by reason of the new discount facilities provided by the federal reserve banks, coupled in this case with a rapidly improving demand for cotton.

The act of 1920 making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1921, carried a provision for the appointment of a joint committee of the two Houses of Congress "to investigate and report at as early a date as may be possible as to the practicability of establishing a system of short-time rural credits in the United States and to recommend such legislation as may

<sup>4</sup>*Annual Report of the Secretary of the Treasury on the State of the Finances, for the Fiscal Year Ended June 30, 1921*, pp. 46-47.

<sup>5</sup>*Annual Report of the Secretary of the Treasury on the State of the Finances, for the Fiscal Year Ended June 30, 1914*, pp. 14-17.

be practical and desirable to that end." The committee as appointed consisted of the chairman and two other members from each of the following four committees: Agriculture and Forestry in the Senate, and Agriculture in the House; Banking and Currency in the Senate, and the House committee with similar title. The committee was allowed \$5000 for necessary expenses and this allowance was increased by an equal amount a year later. While the committee gathered considerable data on rural credits, a part of which was published in December, 1920, under the title of *Memoranda for the Use of the Joint Congressional Committee on Short-Time Rural Credits*, none of the bills on the subject, so far as the writer is aware, are directly traceable to the work of this committee.

During the first extra session of the 67th Congress there was created the Joint Commission of Agricultural Inquiry, consisting of five members from each House of Congress, which Commission was directed to investigate the following subjects and report to the Congress:

1. The causes of the present condition of agriculture.
2. The cause of the difference between the prices of agricultural products paid to the producer and the ultimate cost to the consumer.
3. The comparative condition of industries other than agriculture.
4. The relation of prices of commodities other than agricultural products to such products.
5. The banking and financial resources and credits of the country, especially as affecting agricultural credits.

The Commission, of which Congressman Sydney Anderson of Minnesota was chairman, made exhaustive inquiries into the above-mentioned phases of the agricultural situation and issued a report in four parts, one of which deals exclusively with credit. At the close of the report on credit,\* which was submitted in October, 1921, the Commission summarizes the "Defects and deficiencies of the banking machinery," as found in the inquiry, and makes specific recommendations. In January, 1922, these recommendations were embodied in what came to be known as the Lenroot-Anderson bill, from the sponsors of the bill in the two Houses of Congress.

Among the large number of rural credit bills introduced in Congress prior to the recent session at which the act here considered was passed, may be mentioned the McFadden bill, often called from its unofficial author the Milliken bill, which provided for an elaborate system of rural credits, coupled with a system of agricultural insurance; the Simmons bill and the Norbeck bill, each of which provided under somewhat different plans for an intermediate credit system based on the present organization of the War Finance Corporation; the Lenroot-Anderson bill,

\*Credit-Report of the Joint Commission of Agricultural Inquiry, House of Representatives, no. 408, part 11, 67th Cong., 1st Sess.

already mentioned, which provided for an intermediate credit system to be operated in close relationship to the federal land banks; the Capper-McFadden bill, which authorized the organization by private initiative of agricultural credit corporations with special reference to the need of the live-stock industry; the Norbeck-Strong bill, more generally called merely the Strong bill, which made certain changes in the mortgage credit system under the original Federal Farm Loan act. Both the Capper-McFadden bill and the Lenroot-Anderson bill carried amendments to the Federal Reserve act with a view to enlarging the facilities of the reserve banks with reference to agricultural paper. Considerable time was consumed in hearings and informal conferences on these bills. The members of the so-called Farm Bloc particularly gave a large part of their attention to the credit problem.

The National Agricultural Conference called by the Secretary of Agriculture at the request of the President of the United States, met at Washington, D. C., January 23-29, 1922. This body, consisting of 366 delegates from all parts of the United States, gave considerable attention to the problem of rural credit and indorsed in general terms the plan recommended by the Joint Commission of Agricultural Inquiry, or in other words, the Lenroot-Anderson bill, which had shortly before been introduced in Congress. It also recommended the increase of the loan limit by federal land banks from \$10,000 to \$25,000, and urged representation of the shareholders of these banks in the bank directorates.

With the opening of the fourth and last session of the 67th Congress, in December, 1922, an extra session having preceded each of the two regular sessions, the Lenroot-Anderson bill in modified and amplified form was re-introduced in both Houses of Congress. The Capper-McFadden and the Norbeck-Strong bills, which also had been materially modified, were similarly re-introduced.<sup>1</sup>

In January, 1923, the Senate passed both the Lenroot bill and the Capper bill, while shortly afterwards the House passed the Strong bill. For a time it seemed as if no legislation would result because of the continued divergence of opinion in and out of Congress. Some Congressmen, as well as others, felt that the Lenroot-Anderson plan provided quite adequately for the farmers' intermediate credit needs. Other Congressmen, as well as persons outside of Congress, contended that the Capper bill alone would suffice to meet these needs. There was considerable opposition to various features of the Strong bill.

<sup>1</sup>In each case where a double name is here given for a bill the first name is that of a senator and the second that of a representative. However, in each House of Congress such bill is generally referred to by the name of the member of that House who introduced the bill, if a name is used at all, the official designation of a bill being by number.

On March 1 the House combined into a comprehensive measure and passed the Lenroot bill, the Capper bill, and the Strong bill, making the measure in form an amendment of the Capper bill. On the same day conferees of the Senate and the House were appointed. These conferees did very effective work in revising and reconciling the Senate and the House bills into what became the Agricultural Credits act of 1923, and reported the results to their respective Houses on March third. Both Houses acted favorably on the conference committee's report and the bill was approved by the President on Sunday morning, March the fourth.

## II. *Outline of the Act*

The Agricultural Credits act of 1923 is divided into five parts or titles which deal with the following topics:

- Title I. Federal Intermediate Credit Banks.\*
- Title II. National Agricultural Credit Corporations.
- Title III. Amendments to the Federal Farm Loan Act (*i. e.*, to the present "Title I" of said Act).
- Title IV. Amendments to the Federal Reserve Act.
- Title V. Miscellaneous Provisions.

With the exception of Title III, which amends a number of provisions concerning the twelve federal land banks as farm mortgage institutions, the act deals almost exclusively with the problem of providing the farmer with needed intermediate credit.

Under the provisions of Title I, twelve federal intermediate credit banks are established, one to be located in each city now having a federal land bank. These intermediate credit banks are to be managed by the officers and directors of the several federal land banks who are made ex officio officers and directors of the new banks. The intermediate credit banks are given the usual corporate powers and may act as fiscal agents of the government.

The powers of these intermediate credit banks include the discount and purchase of agricultural and live-stock paper for and from banks, live-stock loan companies, agricultural credit corporations, other federal intermediate credit banks, and various classes of farmers' coöperative associations. They may also make loans direct to such coöperative associations when the loans are secured by warehouse receipts or by mortgages on live-stock. The loans, advances, and discounts of intermediate credit banks must have a maturity of not less than six months nor more than three years. The Secretary of the Treasury is authorized and directed to subscribe to capital stock as called for by the directors of these banks with the approval of the

\*The provisions regarding these banks are appended as "Title II" to the Federal Farm Loan act.



Federal Farm Loan Board, in an amount not to exceed \$5,000,000 for each bank. To provide additional funds, the federal intermediate credit banks may issue and sell collateral trust debentures with a maturity not to exceed five years, such debentures to be secured by discounted or purchased agricultural and live-stock paper under rules prescribed by the Federal Farm Loan Board. The amount of such debentures outstanding must at no time exceed ten times the paid-in capital and surplus of the bank, and the interest rate may not exceed 6 per cent. The United States government assumes no liability on these debentures.

Discount rates are to be established in the first place by each federal intermediate credit bank with the approval of the Federal Farm Loan Board. After debentures have been issued, the rates of discount may not exceed by more than 1 per cent the rate paid on the last debentures issued. It is further provided that paper discounted by a federal intermediate credit bank must not involve a rate to the borrower more than  $1\frac{1}{2}$  per cent above the discount rate. Debentures may be bought at or below par and retired before maturity at the option of the bank. Each of these banks has direct liability for interest and principal on its own debentures and contingent liability on debentures issued by other federal intermediate credit banks.

The joint expenses incurred by or in behalf of the federal land banks, joint stock land banks, and federal intermediate credit banks are to be apportioned among them by the Federal Farm Loan Board. The net earnings of the intermediate credit banks are to be paid one half to the United States and one half into a surplus fund until such fund equals 100 per cent of the subscribed capital stock, after which 10 per cent of the net earnings are added to the surplus and the remaining earnings are paid to the United States as a franchise tax. In case of dissolution of a federal intermediate credit bank, the net assets, if any, become the property of the United States.

The Comptroller of the Currency is required to furnish reports on national banks and special provision is made for the examination of other institutions with which a federal intermediate credit bank deals or contemplates dealing, as well as for the examination of the federal intermediate credit banks themselves. Provision is also made for the examination and valuation of the security on the basis of which credits are extended by these banks.

The Federal Farm Loan Board will supervise the federal intermediate credit banks in much the same manner as it now supervises the twelve federal land banks and penalties are provided for false statements or fraudulent acts on the part of officers, agents, or receivers of these banks, as well as for counterfeiting its debentures or other paper. No federal intermediate credit bank is permitted to receive

any fees or commissions other than those specifically authorized in the act.

The privileges of tax exemption applicable to the federal land banks are also extended to the intermediate credit banks, including their capital, reserve or surplus and the income therefrom. The debentures issued are held to be instrumentalities of the government and entitled to enjoy the same tax exemptions as are accorded federal farm loan bonds.

Title II of the act, which in modified form comprises what was earlier referred to as the Capper-McFadden bill, authorizes the organization of "national agricultural credit corporations." Such corporations, which must have a capital of not less than \$250,000, may be organized by five or more persons by filing articles of incorporation with the Comptroller of the Currency. The contents of such articles are prescribed in the act and the powers granted these corporations are carefully enumerated. The term of incorporation is limited to fifty years. Among the transactions which may be performed are the discount, rediscount or purchase and sale of various classes of credit paper issued or drawn for an agricultural purpose. The term of discount must not exceed 9 months, except where the security is represented by maturing or breeding live-stock or dairy herds, in which case the discount period may be as long as three years.

The corporations may also deal in United States securities and may act as fiscal agents of the United States. They may issue debentures under the supervision of the Comptroller of the Currency. As in the case of the federal intermediate credit banks, the government assumes no liability on these debentures. The amount of such debentures issued by any corporation may not exceed ten times the paid-up capital and surplus, and the term for which they are issued may not exceed three years.

No limitation is placed on interest rates charged by national agricultural credit corporations aside from those already existing in state law. Wilful violation of state laws on this subject forfeits the full interest on the note or bill involved.

This title also authorizes the organization of special rediscount corporations which must have a capital of not less than a million dollars. Such corporations may rediscount agricultural paper for national agricultural credit corporations and for banks or trust companies which are members of the federal reserve system. They may discount paper for farmers' coöperative associations when such paper is secured by nonperishable and readily marketable agricultural products and has a maturity of not more than nine months. They may also exercise most of the other powers conferred on the smaller corporations organ-

ized under this title of the act, except that they may not make loans direct to individuals.

National agricultural credit corporations, except rediscount corporations, are required to deposit with the federal reserve bank of their district, bonds or other obligations of the United States in an amount not less than 25 per cent of their paid-in capital stock, and must keep on deposit with such bank at all times a sum not less than  $7\frac{1}{2}$  per cent of their aggregate indebtedness. They are to operate under the supervision of the Comptroller of the Currency and provision is made for the appointment of an additional Deputy Comptroller to assist in their supervision. The cost of such supervision is to be assessed against the corporations supervised. Banks which are members of the federal reserve system may, with the consent of the Comptroller of the Currency, invest not more than 10 per cent of their paid-in capital and surplus in the stock of one or more national agricultural credit corporations and moneys of such corporations may be kept on deposit subject to check in any member bank of the federal reserve system.

Existing live-stock loan corporations organized under state law may reorganize under the provisions of this title. One or more national agricultural credit corporations may under stipulated conditions consolidate into one corporation.

National agricultural credit corporations will be subject to taxation by state authority to the same extent and in the same manner as national banks are taxed and the debentures or other obligations of such corporations must not be taxed at a higher rate than the rate applicable to other moneyed capital in the hands of individual citizens of the state. Severe penalties for wrongful or fraudulent acts by officers, employees, or agents of national agricultural credit corporations are provided. The use of "National Agricultural Credit Corporation" in the corporate name is limited to corporations organized under this act.

Title II also carries a provision authorizing the Secretary of Agriculture to license qualified persons to inspect live-stock as a basis for loans. Under the plans worked out for putting into effect this part of the act, persons so licensed, after giving satisfactory evidence of their qualifications, will be in position to serve not only the new credit agencies established or authorized by this act, but also any private agency in need of the services of live-stock inspectors with established qualifications and experience. The licensees will, of course, be compensated for services as inspectors exclusively by the loan agencies who employ them.

Title III of the act increases the Federal Farm Loan Board from 5 to 7 members. This means that, henceforth, there will be 6 appointed members in addition to the Secretary of the Treasury who is *ex officio*

member and chairman of the board. Not more than 3 of the appointed members may be chosen from the same political party. The Federal Farm Loan Board, according to this part of the act, shall levy an assessment upon the federal and joint stock land banks in proportion to their gross assets of sufficient amount to cover the salaries and expenses of the Board and of examiners, registrars and other necessary employees. This part of Title III conflicts somewhat with a provision in Title I and the fact that federal intermediate credit banks are not here called upon for their share of the joint expenses is undoubtedly to be ascribed to an oversight due to the haste with which the several bills were combined into a single measure. The Strong bill, from which this provision is taken, was intended to amend the provisions governing the existing farm mortgage system and naturally had in it no reference to federal intermediate credit banks.

One of the important provisions of this title is the increase of the maximum mortgage loan to individual farmers from \$10,000 to \$25,000. It is further provided that one of the federal land banks may, with the approval of the Federal Farm Loan Board, establish a branch in Porto Rico, and the same provision holds with reference to Alaska. Loans by such branches are, however, limited to \$10,000 to any one individual as in the original Farm Loan act and the term of such loans made in the colonial possessions of the United States is limited to twenty years, while the maximum term permitted for loans in continental United States remains as before, forty years. The interest rate charged by such branch banks may not exceed by more than one and one half per cent the rate paid on the last issue of bonds, while the corresponding margin on loans within the United States is limited to one per cent.

The original Federal Farm Loan act provided that until stock to the amount of \$100,000 had been acquired by the borrowers, the bank should operate under what was known as the "temporary organization." Under such temporary organization, the Federal Farm Loan Board appointed five directors to manage each bank. After the required amount of capital had been subscribed by the borrowers, each borrower being obliged to subscribe an amount equal to 5 per cent of his loan, the so-called permanent organization, under which 6 out of 9 directors were to be elected by the borrowers and the other 3 appointed by the Board, was to be instituted.

During the war an act was passed by Congress authorizing the Secretary of the Treasury to purchase farm loan bonds in stipulated amounts, and this act also provided that the temporary organization of the federal land banks should continue in force as long as any federal farm loan bonds were held by the Treasury. While a block of such bonds is still held by the Treasury, the new legislation provides for

putting into effect immediately the permanent organization of the federal land banks on a plan somewhat modified from that originally contained in the Federal Farm Loan act.

The new provisions regarding the permanent organization are as follows: three directors, to be known as local directors, are elected by the stockholders, one such director being chosen from each of three divisions into which each land bank district is divided. Stockholders of the bank in each division, whether these be associations or borrowers through agencies, first nominate one candidate for the board of directors. From a list of the ten candidates receiving the largest nomination vote, the stockholders in each division then elect one board member. Three directors, to be known as district directors, are to be appointed by the Federal Farm Loan Board. Each association and each borrower through agencies also nominate one candidate for director at large, and from the three persons having the largest number of votes for nominee for this position the Federal Farm Loan Board selects a director at large. After the first election all directors are chosen for a term of three years.

A number of minor amendments are also made, one providing that the federal land banks may issue consolidated bonds of the twelve banks through the agency of the Federal Farm Loan Board, while the presidents of the twelve banks are constituted a bond committee. Another amendment provides that in the case of liquidation of a national farm loan association, its stock shall be canceled and stock of the bank issued instead direct to borrowers. Such stock held directly in the bank carries double liability the same as stock held in a national farm loan association.

Title IV amends the Federal Reserve act in a number of particulars. Among these may be mentioned a provision authorizing the admittance of a state bank to the federal reserve system, providing the capital of such bank is equal to 60 per cent of the amount required of national banks similarly located, and providing that such capital be increased within a reasonable time to the amount required of national banks. The definition of "agricultural paper" is liberalized so as to include loans to coöperative associations for grading, processing, packing and preparation for market of agricultural products. The maximum term of discount on agricultural and live-stock paper is extended from six months to nine months. Acceptances drawn for an agricultural purpose and secured by warehouse receipts may be discounted for a period of six months, while other acceptances discounted must as before have a maturity of not more than 90 days.

Title V of this act extends the active life of the War Finance Corporation from July 1, 1923 to February 29, 1924, this action being deemed necessary in order that the new intermediate credit machinery



established and authorized by the act might be in full operation before the assistance of the War Finance Corporation was removed.

It is finally provided that a Joint Congressional Committee of three members of the Banking and Currency Committee of the Senate and five members of the corresponding Committee in the House, be appointed to study the question of inducing state banks more generally to join the federal reserve system and to report its findings to Congress. This action was evidently dictated by the same motive that inspired essentially the whole of this act, namely, that of making enlarged discount facilities available to agricultural districts. Such facilities would, of course, be greatly enhanced if a larger percentage of the state banks were members of the federal reserve system. At present only about 1,600 of approximately 22,000 banks operating under state laws are members. Of this latter group, nearly 10,000 were eligible under the original Federal Reserve act and a large number of others are made eligible by the reduced requirements of the act here considered.

### III. *Criticism and Comments*

As would perhaps have happened with any legislation on this subject, the act has been criticized from many points of view. Some hold that the legislation was unnecessary, adding a needless amount of credit machinery, and that existing facilities were adequate for the farmer, as well as for the business man. Many farmers, on the other hand, feel that the legislation does not go far enough, inasmuch as no provision is made for loans direct to individuals, and not a few appear to believe that the capital provided for the intermediate credit banks falls materially short of what is needed.

Others, while conceding the need for some legislation, criticize many of the provisions of the act as being unduly paternalistic, as putting the government too directly in the business of supplying credit, and as tending toward bureaucracy. The tax-exempt features of the federal intermediate credit banks and of the debentures to be issued by them have been criticized with particular severity. Yet others object to the coupling of the intermediate credit banks with the existing federal land banks, which, as originally created, had a very specific field of operations. The right to issue debentures on the part of the privately organized and financed national agricultural credit corporation has been criticized, as tending toward a bewildering confusion in the number of bonds and debentures issued either by governmental agencies or by agencies under close governmental supervision.

The provisions under Title III have been objected to on the assumption that the increase in the loan limit to individual farmers was unnecessary and undesirable; also on the ground that the permanent organization of the federal land banks does not provide the measure

of control by the borrowers, who constitute the stockholders, that was promised under the original act. A brief examination of these various criticisms and objections may be of interest.

With reference to the need for additional credit machinery, it may be said that substantial ground undoubtedly exists for the argument often advanced that our hitherto existing banking system has been devised primarily with a view to meeting the needs of commerce and industry with little consideration for the peculiar credit needs of agriculture. The farmers' turnover is slow as compared with that of trade and manufacture. It depends more directly upon seasons and cycles of nature, which cannot be materially shortened by artificial means. This is true both in crop production and in the breeding and raising of live-stock for meat, hides, wool and other animal products. Although commercial and manufacturing interests in so far as operating credit is concerned, are in general served by loans for a term of three months or less, a considerable part of the farmers' operating credit, in order fully to meet his needs, must run for periods longer than six months and in the case of live-stock production, particularly, for a period of several years.

Under our hitherto existing system this need for what has come to be called intermediate credit has been met in a haphazard manner by a series of renewals of nominally short-term loans. Under this plan the farmer has, as a regular practice, been obliged to agree to repay his loan at a date materially earlier than that at which either he or the lender expected that the loan could be repaid. By this makeshift and unscientific practice the portfolios of numerous country bankers have been given an appearance of liquidity which in fact did not exist.

When conditions have been normal, the farmer, as a rule, has experienced little difficulty in obtaining a renewal of his loan until such time as the project for which the loan was obtained was completed and had yielded the expected returns. In times of financial stringency, however, he frequently found, to his sorrow, that it is highly unwise to agree to a contract which one is in no position to fulfill. Even in times when renewals are readily obtainable, it seems unwise, if not absurd, that the members of any group of our economic organization should find it necessary by agreement to place themselves at the mercy of their creditors, notwithstanding that the purpose of the loan is entirely legitimate and the returns from the venture relatively certain, provided the necessary time is allowed.

A few critics, including a certain number of farmers, have either opposed or belittled the new credit legislation on the ground that farmers, in many cases, have been extended too much credit and have suffered as a consequence. These frequently point to the amount of

outstanding farm mortgage indebtedness, as well as outstanding personal credit to farmers by banks and merchants, in support of their argument. There is little doubt that many farmers have suffered and are now suffering from an unwise and excessive use of credit. The fact that some farmers have abused their credit privileges would seem to be no sound argument, however, against making ample and suitable credit available for that far larger class of farmers whose productive capacity and resulting prosperity are greatly enhanced thereby. To deny proper credit facilities to all farmers because a few of their number have made unwise use of credit seems no more justifiable than would be a policy of reducing the credit facilities of commerce and industry because certain individuals in these lines have used credit improperly.

Agriculture as a whole is financed by the operators' own capital to a materially greater extent than any other important industry. The outstanding farm mortgage credit, according to a recent joint estimate by the Bureau of the Census and the Department of Agriculture, was on January 1, 1920, \$7,857,700,000. The personal and collateral bank credit to farmers was estimated, on the basis of an inquiry by the Department of Agriculture in the spring of 1921 when such credit was undoubtedly abnormally large, at \$3,870,000,000.<sup>a</sup> No satisfactory estimates are available for the amount of merchant credit to farmers, but it undoubtedly falls somewhere between \$1,000,000,000 and \$3,000,000,000. The present total outstanding credit to farmers can hardly reach \$15,000,000,000. According to the census of 1920, farm property including land and buildings, implements and machinery and live-stock, but not including seed, feed, or products held for direct use or for future sale was valued at \$77,924,100,338. Even allowing for considerable shrinkage in this valuation since 1920, the total farm indebtedness falls well below 20 per cent of the gross value of farm property. Most other important industries use borrowed capital to amounts varying from a third to two thirds of their capitalized value.

Farmers, like others, need to be cautioned against resorting to credit except when this means of getting control of added capital carries with it sound prospects of profitable use. The farmer, as well as any other member of industrial society, who needs credit and has the ability and the opportunity to use it profitably, should, so far as humanly possible, be provided such credit in the amount and on the conditions that meet his requirements.

Those who object to the inadequacy of the new credit legislation on the ground that since it makes available no loans direct to individuals, it helps the bankers rather than the farmers, fail to see the difficulty,

<sup>a</sup>U. S. Department of Agriculture Bulletin 1048, *Bank Loans to Farmers on Personal and Collateral Security*.

if not impossibility, of a national system of personal credit which deals directly with the individual farmer. In this respect personal credit presents a radically different problem from farm mortgage credit. The latter is based on land as security, which is concrete, tangible and relatively indestructible and can be dealt with under general rules applicable, with minor exceptions, to all parts of the country. In contrast, personal credit, whether strictly short-term or intermediate, rests to a considerable extent on character, productive capacity and other personal characteristics, which vary widely between different individuals. To the extent that it does rest upon specific tangible security, such security is subject to removal or destruction to a far greater extent than is the case with land. To establish a personal credit system which would reach individual farmers in all parts of the country without the use of banks or other organizations as intermediaries would involve an amount and complexity of machinery which, if the system were to be self-sustaining, would make the cost, or interest rate, exceedingly high.

The federal intermediate credit banks are intended to utilize existing financial machinery as far as possible. Only in the case of coöperative associations of producers of agricultural products can their funds be obtained by farmers without the intervention of a bank or other specialized credit institution. In all cases, some local institution or organization must pass upon the need and the capacity for credit of the individual and assume either direct or contingent liability on the loan.

The objection frequently heard against the bill which in effect became Title I of the Credits act, that the capital provided was entirely inadequate, can be proved or disproved only as the result of actual experience. It should be remembered, however, that while the farmer does need credit for a term longer than the three or six months' limit hitherto granted by the ordinary commercial bank, this is by no means true of all the credit used by the farmer. A considerable amount of credit, particularly during or following harvest time, will continue to be wanted for a few months only and will, no doubt, be furnished by commercial banks as it has been in the past without resort to any discounts with the intermediate credit banks or national agricultural credit corporations. Furthermore, it should be remembered that the federal reserve banks have, by the new legislation, been placed in position to care for agricultural paper with a maturity up to nine months instead of six.

The fact that a considerable amount of the advances approved by the War Finance Corporation has never been called for by the institutions accommodated, would seem to indicate that for banks, as well as for farmers' coöperative associations, the mere knowledge that ad-

vances are available is often sufficient to inspire confidence and open numerous private sources of credit. For this reason, it is believed that it would be unfair as well as unjust to estimate the value of the intermediate credit banks entirely by the volume of business that they do. The mere existence of these institutions may be expected to prove of decided benefit to coöperative associations and rural financial institutions, and indirectly to the individual farmer, even when little or no discounts from this source are either sought or obtained.

The charge of paternalism against the new intermediate credit system would seem to apply with considerable force, and the attitude of individuals toward it is likely to be influenced to a considerable extent by their preëxisting bias for or against governmental economic activity of any kind. There is little doubt, however, that many supported this plan who on principle are opposed to any extension of governmental functions. The need for better rural credit facilities had become fully recognized and only by direct governmental action could results be quickly accomplished. It is generally conceded that the War Finance Corporation under its amended charter has met a real and important need. This institution has functioned as a temporary agency and according to its management could not on its present plan continue to give service for an indefinite length of time. The need that this corporation has served and will continue to serve for several months to come is, however, a permanent need, even though the lack of facilities for supplying it becomes most apparent during periods of depression such as that from which agriculture has suffered so severely during the last few years.

The provision for exempting the new intermediate credit banks and their debentures from income or other taxes except taxes on real estate, gives opportunity for one of the strongest objections against the plan. That tax-exempt securities under our present system of graduated income taxes are an evil, and that such securities are increasing at an alarming rate, must be conceded. There is considerable ground for the feeling, however, that the tax-exempt securities hitherto issued have benefited the urban dweller to a far greater extent than they have benefited the farmer. While bonds wholly or in part tax exempt are issued by rural political units, as well as by cities, and while the farmer may be said to derive benefit from such issues by states and counties to much the same extent as the urban dweller, yet there are large volumes of tax-exempt securities which are of no direct interest or benefit to the farmer. In nearly all our larger municipalities the inhabitants provide themselves with a water system constructed with the aid of securities wholly or in part tax exempt. To some extent, the same is true of electric plants, gas plants, and other public utilities and improvements. The farmer has not been privileged to issue tax-exempt notes



or debentures to enable him to drill a well, to install an electric plant, or gas plant, or to build a sidewalk in front of his home, but under the rural credit legislation of 1916 and 1923 this can in effect be done. It would seem, therefore, that until the issuance of tax-exempt securities is prohibited to all groups and classes, the farmer has a fairly sound claim to benefits from this source on the simple principle of fair play. In general, it is believed that very little opposition will be found among farmers to any plan that eliminates all tax-exempt securities.

The question of coupling the new intermediate credit banks with the existing federal land banks caused a considerable controversy during the consideration of the act. A few persons believed that an intermediate credit system could more appropriately be made an adjunct of the federal reserve banks than of the federal land banks. Intermediate credit is, after all, personal and collateral credit of much the same kind as is now dealt with by the federal reserve banks with the one difference of a longer term of maturity. With proper authority and some additional facilities it was felt that the federal reserve banks could handle intermediate credit with greater ease and less additional expense than can the federal land banks.

Other persons in and out of Congress felt that the intermediate credit system should be entirely separate and independent, and that to tie it up either with the federal land banks, or with the federal reserve banks would be to hamper and cripple its efficiency and usefulness. This was the position, of course, taken by exponents of the Simmons bill, the Norbeck bill, and other bills involving a plan based on a modification of the War Finance Corporation into a permanent rural credit agency.

The supporters of the Lenroot-Anderson bill, which, with minor changes, constitutes Title I of the act, held that it was highly desirable to couple the new banks with an existing system. One of the reasons for this position was the feeling that while a source of discounts and advances to supply intermediate credit needs was essential it might in normal times remain largely a potential source. With the intermediate credit banks closely associated with the existing land banks and managed by the same officers and directors, a nucleus exists which may be quickly expanded as demand for intermediate credit dictates. In times when little demand is made upon an intermediate credit bank, it can thus continue in existence with small overhead expense and be quickly expanded when emergencies arise.

The assets and liabilities of the federal and the intermediate credit banks are entirely separate and distinct and it is difficult to see how the existence of the new banks can in any way affect the marketability of bonds issued by the federal land bank as such. The short-term debentures issued by the intermediate credit banks, for which the twelve

banks in final analysis jointly liable, are not likely to be in any way confused with the long-term bonds issued on a similar plan by the twelve federal land banks. Any debentures issued by national agricultural credit corporations will, of course, like the mortgage bonds issued by the joint stock land banks, be sold to a considerable extent on the merit of the individual institution issuing them.

The increase in the limit of mortgage loans to individual farmers from \$10,000 to \$25,000 is of particular importance to the states of the Middle West where farms are relatively large in spite of high land values. In these states a large percentage of the purchasers of farms found it impossible to use the facilities offered by the federal land banks because of the limitation upon the amount of the loan. Even those who were able to pay in cash one half or more of the value of an ordinary farm unit found it necessary to place their mortgage with private loan agencies or else with the joint stock land banks, since it was usually difficult, if not impossible, to place a second mortgage for the amount needed above \$10,000. This limitation as to loans operated, therefore, against the interests of the farmer and constituted an unfair handicap on the twelve federal land banks as against the joint stock land banks.

The new provisions for the permanent organization of the federal land banks were the subject of much controversy. These provisions as enacted represent a compromise between those who were anxious to have the banks placed in the hands of the stockholders under the original terms of the Federal Farm Loan act, and those who believed that it was necessary for the Federal Farm Loan Board to retain essentially full control of the banks. The compromise on this point is so adjusted that it is somewhat difficult from this part of the act alone to determine which of these two factors is given the greater degree of control. With the general supervisory powers of the Board added to the right directly to appoint three of the seven directors and to select the seventh, or director at large, from among three of those nominated by the stockholders, it seems probable that the Board will continue in practical control of the banks. In the first election under the new provisions, which took place in May, every member of the various temporary appointive directorates who was a candidate for election by the stockholders was elected.

While the federal intermediate credit banks were chartered and organized with great promptness following the passage of the new Agricultural Credits act, the first few weeks of their existence has given no indication of a large volume of business. This is in part to be explained, no doubt, by the continued operation of the War Finance Corporation, whose active life was by this same law extended from July 1, 1923, to February 29, 1924, and in part to the very

conservative nature of the preliminary rules and regulations issued by the Board at about the time the intermediate credit banks were chartered. It is expected, however, that the requirements for discounts and advances laid down in these preliminary rules will be liberalized from time to time as the Board finds it possible one by one to dispose of difficulties that confront the new credit agencies under its charge.

Up to the date of writing (May 28, 1923) no national agricultural credit corporations have been chartered by the Comptroller of the Currency under Title II of the act. A few applications for charters are pending, however, and the indications are that a number of existing live-stock loan companies will reincorporate under the new law, while some entirely new organizations of this type will probably organize in territory where demand for live-stock credit in considerable volume exists.

The service rendered by the federal intermediate credit banks will probably depend to a considerable extent upon the attitude assumed toward them by country banks. These banks have now been placed in position to meet the legitimate intermediate credit needs of their farmer patrons and by availing themselves of the new discount facilities can extend such credit without tying up their own loanable funds in paper of such length of maturity as to be ill-adapted to deposit banking. In any case, the importance of the federal intermediate credit banks to farmers' coöperative associations, particularly after the War Finance Corporation withdraws its support, can scarcely be doubted. Furthermore, should banks in certain localities refuse to become a part of the new system designed more effectively to bridge the gap between the investor and those in need of intermediate credit, it is probable that in such localities special farm credit institutions or other organizations of agricultural producers will be formed to make the necessary contact between the new banks and the individual farmer.

The effect of the new legislation upon the cost of credit can hardly be important in agricultural districts located near centers of surplus capital. But such districts as comprise parts of larger deficiency areas, from the point of view of loanable funds, may be expected to experience a more liberal credit supply and a lower rate of interest on personal and collateral loans, just as such districts have already benefited in the field of mortgage credit from the facilities afforded by the federal and joint stock land banks. In all agricultural districts the new banking facilities should tend to make personal credit available to the farmer for such periods of time as are called for by the nature of his business.

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## THE RATE OF WAGES AND THE USE OF MACHINERY

### I

Economists seem to be of the opinion that an increase in the general rate of wages will make it profitable for entrepreneurs to install machinery that could not have been used profitably at a lower wage rate, an increase in wages being taken to mean an increase in labor cost. It is the thesis of this paper that this position is not sound.

Cassel, in *The Nature and Necessity of Interest*, states the case as follows: "Finally, we have to note a fourth and most important tendency of economic life, pointing to a continuous extension of the use of durable instruments of production, viz. the *rise of wages*. . . . We shall invariably find that those countries where wages are highest stand first as regards invention and the application of machinery. . . . In India and Russia, where wages are extremely low, agriculture is generally carried on by means of implements of the very simplest description: Australia and the United States are the countries of the steam plow."

Seager says, "Capital goods are substituted for labor and workmen are substituted for capital down to a margin of indifference, that is, to a point where both factors are equally cheap at prevailing rates of wages and interest." And again, "The lower the rate of interest, or the higher the rate of wages, the shorter the period that capital goods will continue to be used" before being replaced by new equipment. ". . . . cheap labor and old and inefficient capital goods are usually found together, while the almost certain attendant of dear labor is an up-to-date and efficient equipment of capital."

And, similarly, Fetter says, "If wages rise, 'it pays' to get machinery; if wages fall, it pays to let some of the machinery deteriorate and to do more by hand-labor." While the other authorities consulted do not state the matter as roundly as do these three, several, by implication, at least, hold this position and no one of them offers any criticism against it.

### II

The error has come from overlooking, in this connection, the very patent fact that capital—machinery—is the product of labor. As Marshall puts it, "When it is said that machinery is substituted for labor, this means that one class of labor combined with much waiting is substituted for another combined with less waiting." Böhm-Bawerk's celebrated phrase *roundabout production* expresses the same

<sup>1</sup>Cassel, *The Nature and Necessity of Interest*, p. 116.

<sup>2</sup>Seager, *Principles of Economics*, p. 278.

<sup>3</sup>*Ibid.*, p. 289.

<sup>4</sup>Fetter, *Economic Principles*, p. 340.

<sup>5</sup>Marshall, *Principles of Economics*, fifth ed., p. 666.

idea, and as well does Taussig's statement, "All capital is made by labor, and all the operations of the capitalist class are resolvable into a succession of advances to laborers."<sup>6</sup>

Thus in its broad aspect the problem of the use of machinery, after allowing for waiting, is merely that of the most effective utilization of labor. Whether labor can be used more effectively in a direct or in an indirect manner and, if the latter, the degree of indirectness that is desirable, would seem to be not at all dependent upon the rate of wages. If labor can be more effectively applied in the United States and Australia in first producing steam plows and then using them, there would appear to be no logical reason why the lower wages of India and Russia would make such a procedure uneconomical in those countries. Hence, if cheap labor and poor equipment and dear labor and up-to-date machinery are found together, the causal relationship must be something other than the height of the rate of wages.

And from the point of view of the entrepreneur, since machinery is the product of labor, the price of machinery must tend to reflect the wages that must be paid for its construction. Accordingly, the choice between the use of a machine and a certain number of employees would seem not to depend upon the rate of interest on the one hand and the general rate of wages on the other, for the rate of wages will tend to influence the price of machinery as well as the size of the pay roll for the employees.

As the problem of the utilization of more machinery as compared with less machinery differs only in degree from the problem of the machine method versus the hand method, the discussion will run in terms of the latter, for convenience in analysis. In the choice of the two methods, there are three possible cases. First, one in which the machine method is preferable; secondly, one in which it is a matter of indifference which method is used; and, thirdly, one in which the hand method is the more economical. The analysis may be simplified by assuming (1) that labor is homogeneous and rewarded equally; (2) that there are only two costs in production—labor and waiting; (3) that competition is perfect. On the basis of these assumptions, algebraic formulas may be used advantageously in showing the three cases just noted.

Let  $a$  = the number of days' labor for a year required to make a machine;

$b$  = the number of days' labor for a year required to operate the machine and keep it in repair;

$c$  = the number of days' labor for a year required to do the task by hand

$i$  = the rate of interest.

<sup>6</sup>Taussig, *Principles of Economics*, third ed., vol. I, p. 75.

Mr. J. G.  
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The three cases may then be indicated as follows:

- (1)  $ai + b < c$
- (2)  $ai + b = c$
- (3)  $ai + b > c$

Multiplying the year-days required to make the machine by the rate of interest reduces the cost of the machine to year-days for each succeeding year. Thus if 40 year-days are required to make a machine and the rate of interest is 5 per cent, the yearly cost of the machine is equivalent to the labor of two men each day for a year, or two year-days. Stating the labor cost in year-days simplifies the problem of the machine is to be used continuously throughout the year.

It is apparent from these formulas that the rate of wages is of no consequence in determining which method is preferable. The second of these cases is the one that the authors quoted above apparently have in mind in stating, or implying, that at one wage level it is a matter of indifference which method is used. The invalidity of their position that a higher wage level would make the use of machinery profitable in this case, may be seen by noting that any alteration from a given rate of wages amounts to multiplying both terms of the equation by the same number. If, for example, at \$1 per day it is a matter of indifference whether hand labor or machinery be used, then it would still be a matter of indifference if wages should rise to, say, \$10 per day, or \$100 per day.

However, any change in the rate of interest would disturb the equation, and throw the advantage definitely to one method. The difference between the effect of an alteration in the rate of interest and an alteration in the rate of wages is due to the fact that in this, the second of the three cases, there is an identity in labor costs in the two methods, and that this identity depends upon a particular rate of interest. For, more waiting is necessarily involved in one method than in the other, and a change in the rate of interest would make labor costs unequal, while a change in wages would not disturb the identity. In the formula given here, one could say that a change in interest would affect only one term of the equation, while a change in wages would affect both terms. But if there were an identity of cost in using more as compared with less machinery, the other statement would be necessary since then the interest factor would appear in both terms of the equation.

In the other two cases there is no point of indifference in the utilization of machinery and labor. In the first one the advantage is with the machine method, and in the other one with the hand method, regardless of the rate of wages. However, any increase in the wage would augment the gain in dollars that would accrue from using the advantageous method, although it would not alter the per cent gain that could be derived by using the one rather than the other.

The first of these cases represents the prevailing situation in industry, if the supply of waiting power (loan funds) is sufficient to make the rate of interest reasonably low. Furthermore, the inventions and improvements, which are constantly taking place, that reduce the cost of constructing or operating machines for a given output, transfer particular industrial operations from cases two and three to case one; or, if the use of machinery was already profitable, make its utilization still more profitable. We, in America, have not only the power to wait on the construction and utilization of machines but wit enough to see the advantage in using and improving them. It is this, and not that the prevailing high rate of wages makes it profitable, that accounts for our wide use of machinery.

An increase in wages is not, however, without an effect on the extent to which machinery is used, although for reasons other than that commonly given. Since an increase in wages, when the advantage already lies with the machine method, augments the gain in dollars that would come from a change in method, wage increases for any cause, including increases as part of a rising price level, tend to encourage the further use of machinery. Also, increases in wages undoubtedly often call the attention of entrepreneurs to the fact, which they might have observed before, that economies are possible from the use, or further use, of machinery.

### III

Conditions are not as they are assumed to be in the above argument. Yet, it is submitted, the conclusion is valid as expressive of a marked tendency. Perfect competition does not prevail. Accordingly, wage increases are not at once reflected in the price of machinery, but there is certainly a tendency for this to take place. Even machinery that is partially or entirely produced at one wage level, tends to take on a price corresponding to the new wage level, if wages are altered. There is, furthermore, perhaps as much tendency for economic friction and other than labor and waiting costs to affect the expense of the hand, or less machine, method as the price of new machinery and the cost of operating and repairing it. (This phrasing, of course, does not imply that value comes from cost, but merely that cost, in the cases under consideration, determine supply and thus value.)

Neither does the inequality which is found among wage groups alter the conclusion in the above argument. Indeed, unequal wage payments tend to make labor costs in money equal in different establishments. Further, in the second of the three cases noted above, if the formula  $a_1 + b = c$  were written  $w_1 a_1 + w_2 b = w_3 c$ , in which  $w_1$ ,  $w_2$ ,  $w_3$  each represent a different wage rate, any proportional increase in

wages in the three wage groups would not affect the equation. But, of course, wage increases may not be general, nor proportional when general. There is, however, a tendency for this to be the case. Certainly, the reasoning of the authorities quoted in the introduction to this paper is based on the assumption that wage increases take place over the whole industrial field.

Obviously, if a wage increase is not general, the above argument does not apply. If a wage increase in a factory, or group of factories, is not accompanied by a like increase in the establishments that furnish machinery, including the firms of middlemen that handle it, then a wage increase in the former will make the use of machinery advisable at what was formerly the point of indifference in the utilization of machinery and labor. But, to repeat, this point of indifference is not altered by a change in the general rate of wages that prevails throughout an industrial society.

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## REVIEWS AND NEW BOOKS

### General Works, Theory and Its History

*American Problems: A Textbook in Social Progress.* By FRANCES MOREHOUSE and SYBIL FLEMING GRAHAM. (Boston: Ginn & Company. 1923. Pp. xii, 567. \$1.72.)

In writing a text which serves as a basis for a secondary school course—which should be offered preferably in the last year and should be required of all students—the authors have attempted an interesting task in the field of social science. Without pretending to advance any new theories or new and elaborate interpretations of old theories, *American Problems* adapts the accepted theories and descriptions of social organization to the needs of the pupils in our secondary schools. Textbooks in social science for these schools are not numerous, and for that reason, if for no other, this particular contribution should be welcome.

*American Problems* does three definite things: it gives a survey of the origin and growth of political, social, and economic institutions; it shows the main features of our economic organization; and it discusses some of the more important problems in which we should be interested and with which we must be concerned. This text is expected to teach students the vocabulary of social relations, and is motivated by the belief that social efficiency is the aim of education. It holds that a propaganda of social service carried on in our public schools is essentially beneficial. Such propaganda, it maintains, should be that of a friendly, sympathetic coöperation between the different social and economic classes of the world. Human motives should be less acquisitive and more productive, and the desire to give should supplant the desire to get. To stimulate in secondary school students an enlarged and meaningful interpretation of social coöperation is an important task. It is the hope of the authors that this book will be an aid in giving pupils a social sympathy, a social outlook, and a social understanding which will lead to useful citizenship.

The method of treatment is descriptive rather than analytical. Designed for students who have at best only a scattering knowledge of social science, the treatment must of necessity be general. On the pedagogical side the book, which is quite frankly a preliminary survey, appears to be excellent, with descriptions and statements which are for the most part clear and concise. The material is well arranged, and there is a judicious selection of topics. At the end of each chapter is a set of thoughtful questions which may be used by the teacher in stimulating class discussion. Each chapter is supplemented also by a

short bibliography, the purpose of which is to amplify the range and richness of student thought on the topic.

Space forbids any extended critical comment; the reviewer, however, desires to mention a few things taken from the chapters which are devoted to a description of our economic system. In chapter nine it is quite evident that the authors do not have a grasp of monetary and banking details; they fall into a good many inaccuracies, and also they make certain unqualified generalizations which are misleading. The definition of Gresham's law is, "Bad money drives out good money." It is not bad money but cheap money, the less valuable money, which drives out dear money. It may happen that new, freshly minted coins will drive out old, defaced, clipped coins, as actually happened in the United States after the passage of the Coinage act of 1836, when new gold coins drove out worn silver coins. On page 212 it is stated that "Banks issuing notes under the system were called national banks, as they were inspected by the federal government and made secure by deposits in the national treasury." The real reason here is the fact that banks are incorporated under national law and receive a charter from the federal government. Moreover, it is not the banks which are made secure by deposits in the national treasury, but the national bank notes. In 1873 the government by demonetizing the silver dollar, it is claimed, adopted the gold standard (p. 214). But there is much more to an adoption of a gold standard than is implied in the simple expedient of dropping the silver dollar from the list of coins to be struck at the mint. So long as the government did not redeem its currency in gold it could hardly be said to have the gold standard, nor in practice, at least, to have adopted it; this was not definitely accomplished until the passage of the currency act of 1900. Even up to the present time many writers insist that on account of the presence of the silver dollar, which the Secretary of the Treasury is not required by law to redeem in gold, we are on a limping standard rather than the full gold standard. The description of commercial paper on page 223 is unsatisfactory and not at all clear, as is also the discussion of clearing houses, the independent treasury system and the federal reserve system. Incidentally the establishment of the independent treasury system is given as 1840 rather than 1846. On page 226 national banks are said to purchase with gold, bonds which are used as a basis for the issue of bank notes. If it had gold, a national bank would not want to part with it in this way. As a matter of fact the bank would go into the open market and buy the bonds at the best price it could obtain and then pay for them in the same way any individual would make payment. There is scarcely a page of this chapter which does not contain some glaring error of detail or some statement which lacks clearness or completeness.



The discussion of wages seems to follow Clark's specific productivity theory. It is a striking fact that few authors are altogether fair in their statements as to the productivity of labor. It is not brought out that labor productivity is dependent not alone on the ability and skill, the personal efficiency of the laborer, but quite as much upon the kind of tools with which he works, the arrangement and condition of tools and machines, the way in which the work comes to him, the organization of the plant in which he works, managerial ability, and other factors that are entirely beyond the control of the laborer himself.

The statement of cost is not at all clear and in two places seems to be contradictory. In one place wages are construed as the only cost, for the authors say: "If wages are higher than the productivity of labor—that is, if the cost of production is greater than the selling price of the product—the marginal producer has to go out of business; he is bankrupt" (p. 276). A few pages later we read: "Wages and interest make the cost of production; when prices fall below the marginal cost of production the marginal producer stops producing" (p. 299). Now of what cost are the authors speaking: ultimate cost, that is, cost in the form of human effort, or entrepreneur cost? It would seem from the context that they had in mind the latter, but if so there are many things which figure into cost besides wages or wages and interest—for example, expenses of raw materials, rent, insurance, taxes, depreciation, bad debts, and perhaps non-insurable business risks. From the angle of wages alone we find that the ratio of wages to total expenses varies all the way from 20 per cent in some enterprises to about 80 per cent in others.

If we keep in mind the fact that the book is written for high school pupils and is intended merely as a survey of current economic, political and social institutions, the errors which appear in the statement of theoretical principles may be pardoned. The book, in spite of some faulty technique, has many things to commend it, and on the whole seems to me very well adapted to its purpose. It should be generously received and because of its teachable quality will undoubtedly earn well-merited enthusiasm.

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*Social Change.* By WILLIAM FIELDING OGBURN. (New York: B. W. Huebsch, Inc. 1922. Pp. xii, 365. \$2.00.)

The nature versus nurture controversy receives an important contribution in this book, though its literary style is so forbidding as to demand considerable perseverance on the part of the reader. Its concrete application is to those problems which arise from the maladjustment of the different elements of culture, or the lack of adjust-

ment between culture and human nature; and with a methodology that one wishes were more general, Professor Ogburn devotes a large part of his work to an analytic investigation of the factors of social change.

After developing the distinction between the cultural and the biological or psychological factors, the author reviews in detail the evidence as to their operation, giving especial attention and illustration to the cumulative nature of material culture. In this field he exhibits a marked reaction against the alleged overemphasis of the biological factor: a reaction that seems to err on the side of the other extreme. Professor Ogburn's position is indicated in such passages as the following:

While the biological evolution in man within the past 25,000 years is problematical and has not been proved there has certainly been a great development in culture....If material culture grows through selective accumulations and inventions.....it seems to be possible theoretically for the development of culture to have been what it has been without the occurrence of any biological evolution in man during the process...Man is the same biologically as he was in the late ice age while his culture has suddenly become vastly different.

About so broad a conclusion one feels a little uneasy. Allowance may be made for the proverbial difficulty of proving a general negative; but there are features of the positive side of the argument that cause some hesitation. Having, for example, very cogently demonstrated the fact and the nature of cultural accumulation, one finds Professor Ogburn substituting without further comment the terms cultural growth, cultural development, cultural evolution. Apart from the fact that the author omits from his survey any of the historic cases of cultural regression, one wonders whether his perspective is not unduly influenced by recent changes in material culture only. Cultural accumulation does not necessarily constitute cultural evolution in any sense comparable to a biological process. It may be of no more fundamental significance than the expansion of a given mathematical series in an equation—the sort of projection, be it remarked in passing, that it is becoming more and more the business of the social economist to predict. Even, therefore, were it proved that a given phase of cultural change had proceeded without biological evolution, the legitimacy of so wide a generalization as Professor Ogburn's might be doubted.

A further difficulty lies in the fact that we have no such common ground for comparing the magnitudes of biological and cultural differences as is posited in an argument of this nature. Pragmatically, the significance of a very slight biological modification—a modification far too slight to be discernible in the long vistas of evolutionary time—may be strictly commensurable with the most striking changes in

culture. This is partially admitted by Professor Ogburn in a passage commenting upon the wide cultural variations among the American Indians, whose racial homogeneity he regards as established. "It may be argued that even within a people of the same racial type a slight biological variation in mental ability may account for vast cultural differences. But this remains unproved for the American Indian and the variation in inherent mental ability is unmeasured." This leaves the argument in an unsatisfactory condition. If, it may be asked, in a field where the data are comparatively accessible, no commensurable ratio between biological and cultural differentia can be established, how can the influence of the former safely be excluded from historical periods so great as to render their detection in any case almost impossible? Moreover, the detection of biological change is no such simple matter. Like recognizes like. Variations in known faculty are difficult enough to isolate; but it is possible—as, for example, in the group of faculties now termed psychic—that there have been, or may be, important variations whose nature and effects modern occidental man is not equipped to recognize and identify. "Since the last ice age," says Professor Ogburn, "there may also have been changes in the structure of the brain or the nervous system." The admission is wider and more destructive of his thesis than the author appears to realize.

One further point of criticism must be noted. Having come to think in terms of cultural 'evolution,' the author is naturally predisposed to assume that the lack of proof of a corresponding biological evolution is sufficient for his thesis. This too is questionable. Absence of proof of biological evolution does not warrant the assumption of biological uniformity. Biological change may still exist; and even if it take the form of simple oscillatory variation, the necessary lack of coincidence with a cumulative and intermittent cultural process would suffice to produce a series of almost inassimilable correspondences, that could in no case be rationalized on the basis of the latter process only.

With the discussion of cultural inertia Professor Ogburn enters a less controversial field. His demonstration of the failure of adaptive culture to keep pace with the changes of material culture is on the whole clear and convincing, and few will quarrel with the conclusion that "it is thinkable that the piling up of these cultural lags may reach such a point that they may be changed in a somewhat wholesale fashion." The concluding portions of the book are, however, somewhat disappointing. The survey of the psychological evidence of individual maladjustment adds little of a constructive nature to the work of the specialists in this field; and an acceptance of the main thesis of the book is not necessary to the conclusion that for immediate purposes cultural modification is more practicable than biological. Professor

Ogburn's sole specific is recreation; but as he questions the possibility of any marked curtailment of the hours of labor, and gives us only the most cursory examination of the social and psychological effects of certain so-called recreational activities, the value of the suggestion is not great. The book is essentially a contribution to theory, not practice; but as such its logical arrangement and conscientious treatment of its theme deserve attention.

WILLIAM ORTON.

Smith College.

*Practical Economics.* By HENRY P. SHEARMAN. (New York: McGraw-Hill Book Company. 1922. Pp. viii, 388. \$2.50.)

This volume has been prepared primarily to meet the needs of business men. The author disclaims any intention to recast standard economic theory. Rather he has endeavored to state this theory in simple language, as concisely as possible, and to point out its practical applications with illustrations drawn from modern business practice. In this endeavor he has made diligent and effective use of the publications of the United States Bureau of Labor Statistics; the Federal Trade Commission; the United States Tariff Commission; and to a smaller extent, of *Printers' Ink*. Liberal use is made of charts and statistical tables. Each chapter is followed by a brief list of test questions and in most instances by a longer list of references with parallel chapters indicated. There is no attempt to evaluate critically these references. In view of the wide range in the content and character of the works listed and the audience addressed, such discrimination would seem highly desirable. The volume is very attractively printed and it is regrettable that it should be marred by faulty proof-reading. A notable instance is the statement that the cost of living for the average family rose 16.5 per cent from 1913 to 1920 (p. 326).

The first part of the book covers factors in production; the second, exchange, value and prices; and the third, distribution. Economic problems have been excluded in favor of a more adequate discussion of principles; room is made for a discussion of monetary problems; a chapter is devoted to banking; and foreign exchange is briefly considered as a rather forced inclusion in a chapter concerning the causes and effects of price changes. It is presumably a desire to simplify the treatment that dictates the prominence given to that old foe of incisive analysis and vigorous thought, "demand and supply." In the treatment of value this is a mere surface prominence. Marginal utility has clear statement and in general the discussion is stimulating and comprehensive. As much can hardly be said for the author's treatment of distribution. In a volume of nearly four hundred pages less than a quarter is given to this involved and abstruse theory. For explana-

tion of the questions involved, reliance is placed almost entirely on the demand and supply formula. The treatment can hardly be said to be complete. For example in the discussion of wages, factors on the demand side are given as: "the demand for labor's products; the efficiency of the worker; the efficiency of the other factors in production; and the supply of and the demand for the other factors that compete with it for employment" (p. 333). The discussion hardly gets beyond questions of relative wages and leaves the problem of the general wage level untouched.

It is refreshing to find in a book intended for the business community a sturdy attack on the growth of monopoly, an equally positive defense of labor's right to organize and an informed sympathy with the hardships that frequently fall in our progressive society to the share of the consumer and the wage-earner. A case in point is the plea for the "martyrs to progress" who bear the brunt of the changes incident to the introduction of inventions and changed organization which "enrich society as a whole." Has not the time arrived when the society may be expected to make liberal provision out of these riches for those on whom progress imposes heavy and undeserved burdens and losses?

CHARLES E. PERSONS.

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College of Business Administration.*

*The Theory of Marginal Value.* By L. V. BIRCK. (London: George Routledge and Sons. 1922. Pp. 351. 14s.)

This scholarly work by Professor Birck, of the University of Copenhagen, treats of the methods and fundamental concepts of the marginal theory with applications to specific problems and especially to the incidence of taxation. It is announced as consisting of nine lectures delivered at the London School of Economics and Political Science, but it seems impossible that the material here presented could have been crowded into so short a course. It is an exceedingly thorough piece of work. The infinitesimal calculus has not been employed but the utmost attainable by simple algebraic methods and by graphs has been achieved. If it were not for the warning example of John Stuart Mill's one great lapse into overconfidence, we should be disposed to say that so far, at least, as competitive values are concerned, there is nothing "which remains . . . . to clear up, the theory of the subject is complete." The impression given and intended to be given is that our most inviting problems will appear in the field of monopoly values and the "ideal prices" established by governmental policies. We catch frequent glimpses of a paternal state promoting welfare by tariffs and excises, by price regulation and the rate policies of government industries. Not that such things are advocated by our author. *It is*



*proposer rien, il expose.* In the present work at least, he employs hypothetical examples of state activity only as a means of elucidating economic theory. But the very fineness of his analysis discourages the idea that it deals with practical possibilities of this rude world.

The first chapter plunges us fairly into hedonistic preconceptions but, after the idea of subjective value is reached, the "psychological scaffolding" is dropped, and we "operate with tangible factors, the respective ratios of exchange of buyer and seller." After all it does not make much difference what psychological phraseology is adopted in the study of market phenomena, if we stick to the obvious fact of human choice according to certain schedules. Only those with a very keen and disapproving scent for obsolete psychologies will be at all disturbed by the occasional traces of hedonistic influence in Professor Birck's analyses.

An important position in the price-making process is assigned to the "marginal utility of income," the utility purchasable with the individual's last shilling. This is represented as the smallest utility which he gets. If however the author had not refused to consider infinitesimal increments of utility, it would have been possible to think of a series or line of last shillings, equal in utility, and marking for the individual consumer the margin of *all* his different directions of expenditure. To think of a line of this nature, rather than of a point, would have the didactic advantage of exhibiting clearly the relation between the prices of the different commodities purchased by any given group of consumers. In this connection it may be remarked that the title "Connected prices," given to the chapter treating of joint and competing demand and supply, is misleading, because it implies that there may be goods entirely independent of other goods in price.

In his last chapter "The price of the technical components" Professor Birck ushers us into the first approaches to a vast and intricate subject, indicates some paths to be followed, and then bows himself out with a reference to a forthcoming second volume. He rejects the method of marginal productivity (or, as he prefers to call it, marginal *rentability*) and employs instead Wieser's calculation of the value of productive factors from a set of simultaneous equations based on known combinations of the factors and known prices of the products. Is this really a solution of the problem? Does it not assume the equilibrium of the entire system of prices which is to be explained? The author repeats Wieser's argument that a summation of the productive contributions of the separate factors would give a value in excess of that of the product. He cites parenthetically, but pays no further attention to, Zeuthen's objection that the examples used in support of the argument give no price-determining marginal units but assume

a certain composition of factors. A few pages further on (p. 334) he himself employs the method of marginal productivity to explain the value of a machine. He supplements Wieser's formula for the value of technical components by showing the action of the cost of producing the components, but suggests that to give an adequate account we must examine "the relative position of monopoly of the components and we shall . . . then find . . . that the distribution of income is not dependent upon the technical ability of the components, but on their relative positions of monopoly." These are matters to be discussed in the next volume, but the reviewer wishes to protest in advance against a tendency to call a position of "relative scarcity" a monopoly. Objection should also be made to a terminology which makes no distinction between differential and monopoly profits.

It is impossible within the limits of a review to comment on Professor Birck's many applications of the marginal theory. In his hands it becomes a powerful means of analysis. The faint of heart will not follow him. The real student, however, will look forward eagerly to the promised second volume, of which, let us hope, there will be an English version.

G. A. KLEENE.

Trinity College.

#### NEW BOOKS

- ADLER, A. *Leitfaden der Volkswirtschaftslehre zum Gebrauche an höheren Fachschulen und zum Selbstunterricht*. Ninth edition. (Leipzig: G. J. Gebhart. 1922. Pp. vi, 308.)
- ANSIAUX, M. *Traité d'économie politique*. Vol. II, *Prix et revenus*. (Paris: Giard. 1923. Pp. 661. 30 fr.)
- BUCHARIN, N. *Theorie des historischen Materialismus*. Gemeinverständliches Lehrbuch der Marxistischen Soziologie. (Hamburg: Carl Hoym Nachf. 1922. Pp. ix, 372.)
- CONRAD, J. *Grundriss zum Studium der politischen Oekonomie*. Teil 3. *Finanzwissenschaft*. Ninth enlarged edition, revised by HANS KÖPPE. (Jena: Fischer. Pp. viii, 527.)
- DE STEFANI, A. *Economia politica, parte generale*. (Padua: La Litotipo Edit. Univ. Pp. 227. 18 l.)
- ECKARDT, P. *Die Grundlehren der Volkswirtschaft*. Second edition. (Hannover: Th. Schulze. 1923. Pp. 48.)
- ELSTER, L. and others. *Handwörterbuch der Staatswissenschaften*. Fourth edition. (Jena: Fischer. 1923.)
- GREENBAUM, L. *Mind and money; a textbook on spiritual economics; or, the cosmic laws of wealth and success*. (Los Angeles: Open Vision School of Truth. 1923. Pp. 128. \$2.)
- GRUNTZEL, J. *Allgemeine Volkswirtschaftslehre*. Seventh, revised edition. (Vienna: Hölder-Pichler-Tempsky A. G. 1922. Pp. v, 163.)

- HASBACH, M. *William Thompson. Beiträge zur Geschichte der Nationalökonomie*, Heft 3. (Jena: Fischer. 1922. Pp. x, 228.)
- HERTZLER, J. O. *The history of utopian thought*. (New York: Macmillan. 1923. \$3.)
- KEFELI, M. O. *The theory of the high cost of living*. Translated from Russian by V. RAIEVSKY. (Berlin: E. Ebering. 1923. Pp. 66.)
- LANDAUER, C. *Grundprobleme der funktionellen Verteilung der wirtschaftlichen Wertes*. (Jena: Fischer. 1923. Pp. iii, 253.)
- LEROY, L. M. *Auguste Walras, économiste, sa vie, son oeuvre*. (Paris: Lib. Générale de Droit et de Jurisprudence. Pp. 389. 12 fr.)
- LEWINSKI, J. St. *Zasady ekonomji politycznej*. (Warsaw, Poland: Nakład Gebethnera i Wolffa. 1923. Pp. xii, 303.)
- LUTZ, H. L. and STANTON, B. F. *An introduction to economics*. (Chicago: Row, Peterson and Company. 1923. Pp. vi, 533.)
- McPHERSON, L. G. *Human effort and human wants. An interpretation of economic activity in relation to human life*. (New York: Harcourt, Brace and Company. 1923. Pp. xii, 318.)
- NICKEL, K. E. *Der Grundbegriff wirtschaften. Grundlegung zu einem neuen System der gesamten Wirtschaftswissenschaft*. (Greifswald: Buchvertrieb von Nickel. 1922. Pp. x, 42.)
- SWALT, H. *Vorträge über wirtschaftliche Grundbegriffe*. (Jena: Fischer. 1922.)
- ARTORIUS VON WALTERSHAUSEN, A. *Einführung in die Volkswirtschaftslehre. Geschichte, Theorie und Politik*. (Leipzig: B. G. Teubner. 1922. Pp. viii, 283.)
- SCHWIEDLAND, E. *Volkswirtschaftslehre. Dreiundvierzig Vorlesungen*. Three vols. Vol. II. *Die Gebiete der wirtschaftlichen Tätigkeit*. Third edition. (Stuttgart: Verlag von W. Kohlhammer. 1923. Pp. iv, 217.)
- ODDY, F. *Cartesian economics: the bearing of physical science upon state stewardship*. (Fleetville, St. Albans, England: J. W. Vernon. 1922. Pp. 24. 6d.)
- OREL, G. *Introduction à l'économie moderne*. (Paris: Riviére. 1922. 9 fr.)
- TEIN, L. *Die soziale Frage im Lichte der Philosophie. Vorlesungen über Soziologie und ihre Geschichte*. Third and fourth revised editions. (Stuttgart: Verlag von Ferdinand Enke. 1923. Pp. xxi, 592.)
- BRUTZ, G. *Grundlehren des Steuerrechts*. (Berlin: Hermann Sack. 1922. Pp. 141.)
- RUCHY, H. *Cours d'économie politique*. Vol. I. Second edition. (Paris: Tenin. 1923. Pp. 490.)
- SOLFRAM, M. *Leitfaden der Volkswirtschaftslehre*. (Reichenberg: Paul Söllors Nachf. 1922. Pp. 215.)
- Grundriss der Sozialökonomik*. II. Abteilung. I. Teil: *Wirtschaft und Natur*. II. Teil: *Wirtschaft und Technik*. Second revised edition. (Tübingen: Verlag von J. C. B. Mohr. 1923. Pp. vi, 309; vi, 220.)

*Handwörterbuch der Staatswissenschaften. Armenwesen-Auswanderung.*  
Fourth edition. (Jena: Fisher. 1923. Pp. 961-1068.)

## Economic History and Geography

### NEW BOOKS

ANDERSON, B. M. *Underlying factors in the business situation.* Chase Economic Bulletin, March 27, 1923. (New York: Chase National Bank. 1923. Pp. 32.)

BECK, O. *Die Wirtschafts-Gebiete an der Mittel-Donau vor dem Kriege.* (Vienna: Verlag für Fachliteratur. 1922.)

BEER, M. *Allgemeine Geschichte des Sozialismus und der sozialen Kämpfe.* Teil 4: *Die Zeit von 1750-1860.* (Berlin: Verlag für Sozialwissenschaft. 1922. Pp. 112.)

BEMIS, S. F. *Jay's treaty. A study in commerce and diplomacy.* Knights of Columbus historical series. (New York: Macmillan. 1923. Pp. xvii, 388. \$3.25.)

BLOEMERS, K. *William Thomas Mulvany (1806-1885).* (Essen a.d.R. G. D. Baedeker. 1922. Pp. xv, 218.)

BOWMAN, I. *The new world. Problems in political geography.* (Yonkers-on-Hudson, N. Y.: World Book Co. 1921. Pp. vii, 632. 215 maps, 68 engravings.)

As a geographer I am pleased to present this book to the economists and to the historians to whom geography is a subject of great and often unappreciated importance. The cause of this inadequate appreciation lies with the geographers, not the economists and historians. The trouble is that we (geographers) have not yet sufficiently worked our mine, brought out our metal, refined it, fashioned it into usable shapes.

Dr. Bowman has made a contribution to fill this need. He has opened and worked a new vein of ore. He has advanced the cause of geography and enriched the fields of history and economics by using these three fields of knowledge to help explain the complex of national and international problems outside of the United States which have made the world so uneasy since Armistice Day of 1918. Why did Jugoslavia invade Albania before either country had been able to start recovery from the World War? I turned to Bowman to find out and the explanation was there. What is the old Chilean-Peruvian quarrel which has festered this forty years and which kept Washington so uneasy during a recent conference? Bowman tells. In similar fashion I expect him to explain at least five of the next six international flareups, so I keep the book within easy reach. We think things are changing rapidly but this book nearly always explains what is happening.

A journalist of wide experience says this is the handbook of the political realist. A critic says it is only current political history. I wish to present it as a close approach to real political geography, which may be defined as the study of those problems which have a geographic basis and which must be solved by political means if solved at all. There are already many bits of economic geography in the brief analyses of the economic positions of states, regions, and groups of people. This work is one of great difficulty because of the vast area covered and the great complexity

and amount of material involved, but Dr. Bowman had unusual opportunities in that he was the chief of scores of workers who spent months in preparing material for use at the Paris Conference. Months of service at the Peace Conference were further preparation of great value.

The service of the book is attested by its very speedy adoption as a text in a wide variety of college courses. As a piece of book making it is excellent. It has well-chosen and well-executed illustrations and such a wealth of black and white maps, many of them original, that the financial prospects of the book must be imperiled by the unusual burden of their cost.

J. RUSSELL SMITH.

BRENTANO, L. *Die Urheber des Weltkriegs.* (München: Drei Maskers Verlag. 1922.)

A political work with economic bearings, especially as to the freedom of the press.

BRIGHAM, A. P. *Commercial geography.* Revised edition with questions. (Boston: Ginn & Co. 1922.)

BRINKMANN, C. *Die preussische Handelspolitik vor dem Zollverein und der Wiederaufbau vor hundert Jahren.* (Berlin: Vereinigung Wissenschaftlicher Verleger. 1922. Pp. vi, 242.)

BRINCKMEYER, M. *Hugo Stinnes. L'évolution économique de l'Allemagne.* (Paris: Plon, édit. Pp. xxiv, 113.)

BRODERICK, J. J. *Report on the economic, financial and industrial conditions of the United States of America in 1922.* Issued by the Department of Overseas Trade. (London: H. M.'s Stationery Office. New York: Oxford Univ. Press. 1923. Pp. 206. \$1.25.)

BÜCHER, K. *Beiträge zur Wirtschaftsgeschichte.* (Tübingen: H. Laupsche Buchhdlg. 1922. Pp. vi, 462.)

CAILLAUX, J. *Whither France? Whither Europe?* (New York: Knopf. 1923. Pp. xi, 184. \$2.50.)

Chapter 3 deals with economic Europe, and chapter 4 with the economic and financial situation of France.

CALMAN, A. R. *Ledru-Rollin and the second French Republic.* (Columbia University studies in history, economics, and public law, vol. CIII, no. 2. (New York: Longmans, Green & Co. 1922. Pp. 452.)

CHISHOLM, G. G. and BIRRELL, J. H. *A smaller commercial geography.* New edition. (New York: Longmans, Green & Co. 1923. Pp. xiv, 302. 5s.)

COLBY, C. C. *Source book for the economic geography of North America* (Chicago: Univ. of Chicago. 1922. Pp. xvi, 460. \$3.)

GRESSY, E. *Discoveries and inventions of the twentieth century.* (New York: Dutton. 1923. Pp. xxiii, 458. \$5.)

D'ALIA, A. *Il Belgio nei suoi vari aspetti.* (Bologna: Nicola Zanichelli. 1923. 15 l.)

DAS, T. *India in world politics.* (New York: B. W. Huebsch. 1923. Pp. xvii, 135. \$1.25.)

Introduction by Robert Morss Lovett indicates the object of the book



as follows: "It is the special merit of Mr. Das' book that he brings out, largely by citations from British authorities, the extent to which the foreign policy of Great Britain has been determined by the possession of India. . . . The freeing of India would go farther than any other conceivable action toward the settling of the question of imperial control throughout the world."

DAYET, M. *La renaissance économique de l'Allemagne*. (Paris: Presses Univ. de France. 1922. 6 fr.)

DEFRESNE, A. and EVRARD, F. *La subsistance dans le district de Versailles de 1788 à l'an V. T. II.* (Rennes: Oberthür. 1922. Pp. 583.)

DELOCHE, M. *La crise économique au XVIIe siècle et la crise actuelle*. (Paris: Plon-Nourrit & Cie. 1922. Pp. 64. 4 fr.)

DEMANGEON, A. *L'Empire Britannique. Etudes de géographie coloniale*. (Paris: Lib. Armand Colin. 1923. Pp. viii, 280. 7 fr.)

A résumé of the development of the British Empire from its beginning with remarks on some of the problems of imperialism and on the difficulties of the Empire in connection with India, Canada, and other dependencies.

DOPSCH, A. *Die Wirtschaftsentwicklung der Karolingerzeit vornehmlich in Deutschland*. Vol. II. (Weimar: Hermann Böhlau Nachfolger. 1922. Pp. 440.)

FUCKNER, E. *Russlands neue Wirtschaftspolitik*. Abt. I: *Recht und Wirtschaft*, Heft 5. (Leipzig: B. G. Teubner. 1922. Pp. vi, 54.)

GARDINER, A. G. *Life of Sir William Harcourt*. Two vols. (London: Constable. 1923. 45s.)

HAYS, A. G. *Enemy property in America; a survey of the Trading with the Enemy act, the decisions of the court under that act, the traditions and policies of the United States government with regard to enemy property, etc.* (Albany, N. Y.: M. Bender. 1923. Pp. xii, 396. \$6.)

HERTZ, R. *Das Hamburger Seehandelshaus J. C. Godeffroy und Sohn 1766-1879*. Veröffentlichungen des Vereins für Hamburger Geschichte Bd. 4. (Hamburg: Paul Hartung. 1922. Pp. 72.)

HILLMAN, S. *Reconstruction of Russia and the task of labor*. An address before the Fifth Biennial Convention of the Amalgamated Clothing Workers of America, Chicago, 1922. (New York: Amalgamated Clothing Workers of America. 1922. Pp. 64.)

HUDECEK, K. *The economic resources of Austria*. Authorized translation by JULIA F. FIEBEGGER. (London: Dawson. 1923. Pp. 74.)

KLAATSCH, H. *The evolution and progress of mankind*. (New York: Stokes. 1923. Pp. 316. \$8.50.)

KORFF, S. A. *Autocracy and Revolution in Russia*. (New York: Macmillan. 1923. Pp. viii, 161. \$1.50.)

Represents the "N. W. Harris Lectures" at Northwestern University. The author is professor of political science, School of Foreign Service, Georgetown University. The chapter contents are as follows: Autocracy, The Russian peasant, The Russo-Japanese War, The events of the Revolution, Germany and the Russian Revolution, Some lessons of the Russian Revolution.

- LEA, J. W. *Britain's decline: her economic disorder and its only remedy.* (Birmingham, England: Cornish Brothers, 39 New St. 1923. 1s.)
- LEFEBVRE, G. *Documents relatifs à l'histoire des subsistances dans le district de Bergues pendant la Révolution (1788-an V).* Vol. II. (Lille: Camille Robbe. 1921. Pp. 704.)
- McVEY, F. L. *Modern industrialism: an outline of present-day industrial organization.* Second edition. (New York: Appleton. 1922. Pp. xvi, 358.)  
First edition was published in 1904. The author has not only added new paragraphs, but three chapters on the Orient and the West, taxes, and the widening circle of democracy in industry.
- MAGER, F. *Die natürlichen Grundlagen seiner Wirtschaft eine Quelle deutscher Kraft.* (Hamburg: L. Friederichsen & Co. 1922. Pp. viii, 176.)
- MARVAUD, A. *L'action économique française en Espagne.* (Paris: Société d'Etudes et d'Informations Economiques, 282 Blvd. Saint-Germain. 1922. Pp. 91.)
- MASTERMAN, C. F. G. *England after war, a study.* (New York: Harcourt, Brace. 1923. Pp. xv, 311.)  
Chapter 4 deals with labor, and chapter 6 with profiteers. The volume is written in attractive style.
- MELOT, A. *La vie économique en Pologne.* (Paris: La Pologne, Rue de Poitiers, 71. 1922.)
- MILIUKOV, P. N. *Russia today and tomorrow.* (London: Macmillan. 1922. Pp. 403. 9s.)
- MITFORD, A. H. *An economic survey of present-day Russia.* (London: Assoc. of Secretaries of British Chambers of Commerce. 1923.)
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Reprinted from the *Lucknow University Journal.*
- MÜLLER, H. *Geschichte der Arbeiterbewegung in Sachsen-Altenburg (1848-1919).* (Jena: Thüringer Verlagsanstalt u. Druckerei. 1923. Pp. vii, 127.)
- PILENCO, A. *La législation soviétique et la Conférence de la Haye.* (Paris: Giard. 1922.)
- POPESCO, G. *Le relèvement économique de la Roumanie.* (Paris: Lib. Félix Alcan. 1922. Pp. 76. 3.50 fr.)
- RASIN, A. *Financial policy of Czecho-Slovakia during the first year of its history.* (Oxford: Clarendon Press. 1922. Pp. 160.)
- ROUFF, M. *Les mines de charbon en France au XVIIIe siècle.* (Paris: Riéder. 1922. 35 fr.)
- SARTORIUS VON WALTERSHAUSEN, A. *Deutsche Wirtschaftsgeschichte 1815-1914.* Second edition. (Jena: Fischer. 1923. Pp. x, 636.)
- SCHLIER, O. *Der deutsche Industriekörper seit 1860. Allgemeine Lage-  
rung der Industrie und Industriebezirksbildung. Part II: Die deutsche  
Industrie seit 1860. Heft 1.* (Tübingen: Mohr. 1922. Pp. viii, 80.)

SLOWINSKI, L. *Die wirtschaftliche Lage und Zukunft der Republik Polen.* (Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte. 1922. Pp. 132.)

SOLTAU, R. H. *French parties and politics.* "World of today" series. (New York: Oxford Univ. Press. 1923. Pp. 78. 85c.)

Chapter 4 is entitled "The radical party in power, 1899-1914."

THWING, C. F. *Human Australasia. Studies of society and education in Australia and New Zealand.* (New York: Macmillan. 1923. Pp. 270. \$2.50.)

Contains chapters on industrial experimentation and unrest and the population of Australia.

VON UNGERN-STERNBERG, R. *Frankreichs wirtschaftliche Lage.* (Berlin: Verlag für Sozialwissenschaft. 1923. Pp. 48.)

VALOIS, G. *La reconstruction économique de l'Europe.* (Paris: Nouvelle Lib. Nationale. 1923.)

VIALATE, A. *Economic imperialism, and international relations during the last fifty years.* The Institute of Politics publications, Williams College. (New York: Macmillan. 1923. Pp. xv, 180. \$2.)

\_\_\_\_\_. *L'impérialisme économique, et relations internationales pendant le dernier demi-siècle (1870-1920).* (Paris: Lib. Armand Colin. Pp. x, 316. 8 fr.)

Lectures given at the Institute of Politics at Williamstown in 1921; a very lucid account of the changes in international relations since 1870, and of the economic causes which lie at the back of them.

WEBER, G. A. *The coast and geodetic survey. Its history, activities and organization.* Institute for Government Research, service monographs, no. 16. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 107. \$1.)

WELS, O. *Die Sozialdemokratie gegen Poincaré und Helfferich.* (Berlin: Verlag für Sozialwissenschaft. 1923. Pp. 16.)

WILLIAM, M. *The social interpretation of history: a refutation of the Marxian economic interpretation of history.* (London: Allen and Unwin. 1922. 10s. 6d.)

WISSLER, C. *Man and culture.* Social science series, edited by SEAN ELDRIDGE. (New York: Thomas Y. Crowell Co. 1923. Pp. xi, 371. \$2.75.)

*Boston, an old city with new opportunities.* (Boston: Chamber of Commerce, Bureau of Commercial and Industrial Affairs. 1922. Pp. 64.)

A pamphlet with brief statistical summaries relating to manufacturing stores, railroad facilities, etc.

*Social and economic conditions in the Dominion of Canada.* The Annals May, 1923, vol. CVII, no. 196. (Philadelphia: American Academy of Political and Social Science. 1923. Pp. 367.)

*Die wirtschaftliche Entwicklung der Stadt Magdeburg seit Beendigung des Krieges.* (Magdeburg: Statistisches Amt. 1922. Pp. 87.)

## Agriculture, Mining, Forestry, and Fisheries

*Efficient Marketing for Agriculture: Its Services, Methods, and Agencies.* By THEODORE MACKLIN. (New York: The Macmillan Company. 1921. Pp. xviii, 418.)

For many reasons the subject of marketing has become very important in recent economic discussion. For equally well-known reasons 10 per cent of the discussion of the problems of agriculture in America during the last few years has been concerned with agricultural economics. Of these problems the marketing of farm products has received by far the most attention. The present propaganda for cooperative marketing by farmers, the legislative program of the farm bloc in Congress, the four volume report of the Commission of Agricultural Inquiry, the organization of the Bureau of Agricultural Economics in the United States Department of Agriculture, the establishment of divisions or departments of marketing, headed by marketing directors, more or less closely affiliated with the state departments of agriculture in thirty or more states, and other "signs of the times," emphasize the growing importance of this subject both to farmers and to the nation as a whole.

Not least among the evidences of popular interest are the recent numerous textbooks which deal in whole or in part with the marketing of farm products. No fewer than a dozen books dealing with agricultural commerce have appeared within the last three years. Of these it is safe to say that none has had a wider reading than the book under consideration.

This text confines itself closely to the market for farm products and deals almost summarily with farmers' commercial organizations and with the transportation service. Very little attention is given to produce exchanges, speculation, future trading, organizations of middlemen, tariff and other topics intimately related to marketing. The viewpoint throughout is that of the farmer. The retailer and the consumer are not entirely ignored and the functions of government are briefly analyzed, but the title of the book very well indicates its contents.

The author approaches the general subject from three points of view: the marketing functions and services, marketing methods, and marketing agencies. The weaknesses of the present marketing system are summarized; the functions of government in relation to marketing farm products are briefly analyzed; certain remedial measures are indicated; and one chapter is devoted to price making.

The analysis of the marketing service occupies one half or more of the volume. It is presented in greater detail than in any other book on marketing and is illustrated by a wealth of data on specific products.

Students of economics differ in their lists of marketing functions and in their terminology. Most of them include risk taking as a distinct service. Macklin omits it. On the other hand he devotes two chapters to "distributing" by which he means getting the product from producer to consumer. Retailing is, of course, an indispensable part of the distributing service, but the entire movement from farm to consumer is included in his conception. Thus "distribution" seems to comprehend and depend upon the other functions, processing, packaging, transporting, etc., which he has previously discussed as separate entities. It is unfortunate that the already over-worked terms "distribution" and "distributing" should be given a new technical meaning. It not only adds to the "confusion of tongues," but strengthens the charge that economists wrest words from their usual meaning and so bury their conclusions in a jargon intelligible, if at all, only to themselves. At any rate, it is highly desirable that marketing terminology be standardized.

Another case in point is "processing," which is called a marketing service and is defined as that "service which changes raw materials into the finished goods desired by consumers." Logically, this includes the whole manufacturing industry. In a sense, of course, any form of manufacturing may be called a marketing function, but in the interest of definitive terms it would seem wise to distinguish certain minor changes made in the raw materials of agriculture to fit them for consumers from the more elaborate process of manufacturing, by which these raw materials of agriculture entirely lose their identity. Moreover the federal census includes under manufactures such processes as canning, preserving, flour-milling, meat-packing and the like. The author's discussion of the processing function is adequate, and from the farmer's point of view important, but it adds to the confusion of the general reader or the young student who is attempting to build up an economic terminology.

In general, the book is very well written. The most frequent criticism made by undergraduates is that it is written mechanically without human interest or spirit. This is not because of lack of detail and concrete examples, but because these examples are not presented in lively language or in a way to enlist human interest. A number of minor errors and rather amateurish statements are found throughout the book, perhaps indicating the youth of the author. These mar somewhat the finish of the writing, but are not vital. Presumably they will be remedied in future editions to which the book is undoubtedly destined. In many respects it is a genuine contribution to the literature of farm marketing and is thoughtful, scholarly, and analytical. Two of the marked advantages of the book for class



are the summaries and lists of selected readings at the close of each chapter.

ALEXANDER E. CANCE.

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*Rural Sociology*. By JOHN MORRIS GILLETTE. (New York: The Macmillan Company. 1922. Pp. xii, 569. \$3.00.)

There was rejoicing in the camp of the rural sociologists when the announcements told of a "new" book by Dr. J. M. Gillette of Grand Forks, North Dakota. The experience and lessons gained from the former book, *Constructive Rural Sociology* (1913), together with the long service and study of the writer in this field of work became added reasons for this expectation. Professor Gillette in introducing the book says, "I made a new study of the rural situation with a view to writing an entirely new work in this field. . . . I have sought to make it factual, representative, comprehensive, interpretative and suggestive of improvement."

The book has 26 chapters and is divided into general parts as follows: Rural society and rural sociology, The nature of rural sociology, Conditions and movements of the rural population, Economic conditions and problems, Rural institutions, Town and country, Some special features of rural progress.

To summarize rather sharply, there are two important contributions in addition, of course, to the rather comprehensive and needed restatement of the whole subject. The first is the developing of the evolutionary point of view for rural society and the outlining of the group arrangements in community life. The grouping idea together with analysis of the selective and disintegrating forces at work is not only a highly productive method for understanding rural society but becomes a contribution in the whole field of sociology since in this section some of the general social processes are often more simple and more easily set into relief.

The second contribution lies in the analysis of the conditions and movements of rural population. Here the study of the author has extended back many years and includes a number of his periodical publications. The analysis includes also much of the data made available by the 1920 census as well as some rather detailed independent computations made, for example, to present the picture of population movements going on in the small towns and villages. Professor Gillette in this analysis generalizes: "The smaller the place the greater is the liability for loss of population. It might appear astounding that in the last decade two-fifths of the smallest villages lost population and nearly three-tenths of all those under 2,500 are likewise losing." In this analysis very able explanations of these tendencies are

made. In order to forge out a real science of rural sociology much more must be done along this line. Much more must be known of this population factor than is at present available from the published reports of the census.

It is with the general part dealing with economic conditions that issue must be taken. This part contains among others, chapters on agricultural production, land policy, marketing and coöperation, and farm management. On the first count this part, occupying over a fifth of the book, may render it impractical as a text where the fields of agricultural economics and rural sociology are even somewhat differentiated as they are in most colleges of agriculture. Frequently full courses are given under such titles as head these single chapters. On the second count, which is more vital, it represents an old difficulty and failure to differentiate the sphere of rural sociology. No one of course would argue for a moment that economic factors and conditions are not inextricably tied up with sociological problems but the point is that rural sociology should differentiate its field, evolve principles and then draw within this system any and all facts which can shed light on these central issues. The red thread of unity by progressive development and correlation should somehow be in evidence all along the way in order to make clear this field as distinguished from its partner social science, agricultural economics.

J. H. KOLL.

*College of Agriculture, Wisconsin.*

#### NEW BOOKS

BARTUEL and RULLIÈRE. *La mine et les mineurs.* (Paris: Doin. 1922. 12 fr.)

CONOVER, M. *The Federal Power Commission: its history, activities and organization.* Institute for Government Research, service monographs no. 17. (Baltimore: Johns Hopkins Press. 1923. Pp. xi, 126. \$1.)

DICKEY, J. A. and BRANSON, E. C. *How farm tenants live.* Extension Bull., vol. II, no. 6. (Chapel Hill, N. C.: University Extension Division. 1922. Pp. 47.)

VON EICKSTEDT, C. *Wiederaufbau und wirtschaftsfriedliches Prinzip.* (Berlin: P. Parey. 1923. Pp. 96.)

HOCHSCHILD, M. *Studien über die Kupfererzeugung der Welt.* (Freiberg i. Sa.: Craz & Gerlach. 1922. Pp. 161.)

HOWELL, J. R. *The productivity of hill farming. Being the report of an inquiry in three typical districts.* (London and New York: Oxford Univ. Press. 1922. Pp. 23.)

KENKEL, J. B. *The coöperative elevator movement: a study in grain marketing at country points in the North Central states.* A dissertation. (Washington: Catholic Univ. of America. 1922. Pp. vi, 155.)

KEWLEY, J. *The petroleum and allied industries; petroleum, natural gas, natural waxes, asphalts and allied substances, and shale oils.* (New York: D. Van Nostrand Co. 1922. Pp. 312. \$3.50.)

MENDUM, S. W. *Cost of milk production on forty-eight Wisconsin farms.* U. S. Dept. of Agri. Bull. no. 1144. 1923. 5c.)

MIDDLETON, T. H. *Food production in war.* Carnegie Endowment for International Peace, Economic and social history of the World War, British series. (London and New York: Oxford University Press. 1923. Pp. xix, 373.)

Those who are concerned with the possibilities of an expansion of the food supply in a given country during war, or with the desirability of producing as high a percentage as possible of the regular supply during peace will find this volume both interesting and instructive. Mr. Middleton gives a clear picture of the food situation in England at the beginning of the World War together with comparisons in the matter of both policies and results during earlier periods. The laissez faire policy had resulted in withdrawing labor from agriculture to such an extent as to make grass farming more profitable than tillage. In recent years in the United Kingdom there were some 34,000,000 acres of grass and clover, with but 12,000,000 acres tilled in the usual balance. The war resulted in an increase in grain and other cultivated crops at the expense of grass.

The outcome of this transition was an increase in the food supply of the nation, home grown, of some 24 per cent, an addition sufficient for the nation during a period of about thirty days. Even so, the whole supply produced was at the greatest but 42 per cent of the amount required.

To an outsider it hardly seems of great importance whether a nation produces 34 per cent or 42 per cent of its food except in times of calamity. To the writer of the monograph the question seems a serious one. If the food produced at home is to be viewed in the light of a supply inside a fort during a siege it must at once be conceded that a difference of a few months' sustenance may be vital.

Left to their own devices the English farmers, according to the author, will return to about the old balance between tillage and grass. It is conceded that a food control department with real authority might be a good thing for the country, though politically not feasible. As a possible alternative it is suggested that out of the 34,000,000 acres in grass perhaps not far from 6,000,000 is marginal, from the profit standpoint, and might be pulled over into the tillage area by political force. One is a little surprised, however, that the author does not suggest the tariff as the most available remedy. Instead he suggests a relief, to what degree is not given, in the form of lighter taxes on tilled land. This is a concession in the nature of insurance since the author believes tillage, on this particular land, likely to be as profitable over a considerable period of years as grazing, but attended with much more risk.

B. H. HIBBARD.

STERMAYER, A. *Grundlagen der Wirtschaftslehre der Landbaues.* (Vienna: C. Gerolds Sohn. 1923. Pp. x, 176.)

GLOSSE, J. *Rapport sur la sériciculture en Syrie.* (Lyon: Chambre de Commerce. 1923.)

INNER, W. R. *The mining manual and mining yearbook, 1923.* (London: Author. 1923. 20s.)

STROWBRIDGE, J. W. *Farm and terminal market prices: wheat, corn, and oats, crop movement year 1920-21.* U. S. Dept. of Agriculture, Bulletin 1088. (Washington: Gov. Prtg. Office. 1922. Pp. 58.)

WALTER, H. *Geschichte der deutschen Landwirtschaft. Für den Schulgebrauch dargestellt.* Third revised edition. (Bautzen: Emil Hübner Verlag. 1922. Pp. iv, 91.)

WICKSON, E. J. *Rural California.* (New York: Macmillan. 1923. Pp. 399. \$2.50.)

WYMER, S. S. *The Smithsonian Institution's study of natural resources applied to Pennsylvania's resources, based on latest government data.* (Columbus, O.: Author. 1922. Pp. 150.)

*Chart of the Mexican oilfields, 1923.* (London: Edward Stanford, Ltd. 1923.)

*Handbuch für die Internationale Petroleum-Industrie.* (Berlin: Finanzverlag. 1923. Pp. xxix, 560.)

*The Jewish Agricultural Society, Inc., annual report for the year 1923.* (New York City: Jewish Agri. Soc., 174 Second Ave. 1923. Pp. 71.)

*Report of the Committee on Agriculture.* (London: Ministry of Agriculture. 1923.)

*Skinner's cotton trade directory, 1923.* (London: Thomas Skinner & Co. 1923. 12s. 6d.)

*Some great commodities.* Prepared by the Statistical Division, National Bank of Commerce in New York. (Garden City, N. Y.: Doubleday Page & Co. 1923.)

Studies of ten great commodities, namely, coal, cotton, iron and steel, lumber, petroleum, rubber, silk, sugar, wheat and wool are presented here. The work is an outgrowth of a series of articles prepared by the statistical division of the National Bank of Commerce in New York, and published in the bank's *Commerce Monthly*. Detailed statistics are presented for the production, consumption, import, export, and manufacture of each of the commodities. In the cases of lumber, silk, and sugar, two or three short paragraphs of historical data are included in the text. With these exceptions the text is either an amplification or an explanation of the statistical tables.

For the initiated the volume contains nothing that cannot be found in standard sources, but this book performs the service of bringing together in a single reference the material scattered in many different places. For the novice, the book saves much time lost in groping among the familiar tomes for significant figures.

Since the book was written for business men and students who would use it, if at all, because of need, the authors have not endeavored to attract favor to their offering by the enticement of literary style.

Accepting this work then as a book of reference to which its facts are relegated, the treatment is open to two serious charges of omission. The sources of statistics are in no case divulged except for a footnote on page 212 that indicates the certain tables concerning sugar were drawn from Willett and Gray's *Weekly Statistical Sugar Trade Journal*. The preface also states that "consideration has been given to government reports and recognized trade sources in making the exhaustive study."

upon which these articles are based." The second sin of omission is an index. Of all books, one intended for reference requires an adequate route chart.

MALCOLM KEIR.

## Manufacturing Industries

### NEW BOOKS

ELBERS, W. *Hundert Jahre Baumwolltextilindustrie.* (Braunschweig: Fried. Vieweg & Sohn. 1922. Pp. xv, 200.)

GANTERT, F. A. *Metal working industries.* Lecture to intermediate class, Insurance Institute of America. (New York: Insurance Inst. of Am. 1923. Pp. 16.)

*Twenty-first annual meeting of the National Lumber Manufacturers Association, New Orleans, March 21 and 22, 1923.* (Washington: Sec., Nat. Lumber Manfrs. Assoc., International Bldg. 1923. Pp. 52.)

## Transportation and Communication

*American Railroads: Government Control and Reconstruction Policies.*

By WILLIAM J. CUNNINGHAM. (Chicago: A. W. Shaw Company. 1922. Pp. 407. \$3.00.)

This is the third book published within the last year relating to the operation of the railroads by the government during and after the war. The period covered by the book has been previously treated by Professor Sharfman, of the University of Michigan, and by Professor Dixon, of Princeton University. Although practically the same ground is covered by Professor Cunningham, nevertheless the book has a distinct place in the transportation literature of the war period. It deals more particularly with technical operation, and is by one who has been a practical operating man, and who was connected with the operating department of the Railroad Administration. The first part of the book deals with the war period. The author's conclusions, based not only upon statistical study, but upon his own observations, are that the results under federal control during 1918 were more favorable than would have been possible under private control, and in this he is in accord with all students of the problem.

The next five chapters deal with operations during 1919, and especially with the labor policy of the Director General which has been so caustically criticized by the railway executives. Professor Cunningham expresses full appreciation of the difficulties under which the Director General operated, but criticizes severely the national agreements in reference to working conditions which were put into effect towards the end of government operation. The general reader will certainly be immensely interested in the analysis of these national agreements. There is a chapter dealing with the policies of unification,



and the extent to which those policies have been adopted by the railroads since their return to private control. While the writer is not entirely sure that the labor policies may not have been influenced in some measure by political considerations, he points out that so far as the operation of the railroads was concerned there was no political influence exerted by the Administration, and that the men selected to operate the railroads were selected solely on the ground of their fitness.

After clearly and accurately outlining the Transportation act of 1920, the author takes up the railroad situation since the end of government operation and points out the difficult problems which the owners inherited as a result of government operation, especially in connection with the failure to adjust freight rates to the greatly increased operating expense.

The last chapter is on the railroad situation in July, 1922, and deals interestingly with the problems of labor, public relations, and organization, and briefly with finance. Perhaps the most interesting part of this chapter is that which deals with railroad organization, in which Professor Cunningham discusses impersonally his own particular mission; namely, to encourage young men to enter the railroad field and to give them a comprehensive background of principles underlying railroad management. He criticizes many railroads for not encouraging the employment of young men of liberal education. The railroad executives have not been as enterprising in securing trained young men as the industries. The reviewer well remembers a statement made by the president of one of the largest industrial corporations in the country, who was not a college man, that he had found that a college man entering his employ at twenty-two years of age was farther ahead five years than the man who had entered the business as a boy. The author points out the particular difficulties in advancement according to merit in a railroad organization, due in large measure to the attitude of organized labor towards seniority rights. There is great need of trained men in our railroad organizations. This is especially true of the traffic departments, which deal not so much with technical problems as with broad, underlying, economic principles. Our railroad traffic men of the present day think more of having an harmonious schedule of rates than of so adjusting rates as to develop industry and traffic. The selling end of transportation is sadly neglected. An industry which does not have a progressive, energetic, broad-visioned man at the head of its sales department eventually becomes waterlogged. These same qualities in an equally high degree are required in traffic departments of our railroads, but there are very few men who fill the requirements. Men with the basis of education, and with vision, are needed.

The appendices contain documents not easily accessible, as, for

stance, the proclamation of the President taking over the railroads, the statement of the President at the time the proclamation was issued, the Federal Control act, and most useful of all as a source of reference, the standard contract between the Director General and the railroads. Professor Cunningham's valuable article on operating statistics is also included.

The statements of fact are accurate. The conclusions are stated with clearness, and without prejudice. It is an authoritative work on the operating features of the period of governmental control. There is in the text a bewildering array of statistics which might better be in footnotes, and long quotations of orders, circulars, and statements of the Railroad Administration for which a more fitting place would be the appendices.

EDGAR J. RICH.

#### NEW BOOKS

BEMAN, L. T., compiler. *Ship subsidies*. The reference shelf, vol. I, no. 8. (New York: Wilson. 1923. Pp. 112. 75c.)

Contains a brief of the subject: Resolved, that the United States government should adopt the policy of subsidizing the merchant marine. This is followed by a bibliography with report of articles dealing with the subject.

BERNHARDT, J. *The Interstate Commerce Commission: its history, activities and organization*. Institute for Government Research, service monographs, no. 18. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 169. \$1.)

CHATBURN, G. R. *Highways and highway transportation*. (New York: Crowell. 1923. Pp. xx, 472. \$3.)

COULTER, E. M. *The Cincinnati Southern Railroad and the struggle for southern commerce, 1856-1872*. (Chicago: American Historical Society, Inc. 1922. Pp. 68. \$1.50.)

The traffic movements to and from the interior, the effect of the railroads in diverting trade from the cities along the Ohio River, the struggle of the river towns after the Civil War to regain their supremacy as distributing points, and the rise of Louisville as a collecting and distributing center for much of the commerce of Kentucky are described in this volume. The author also discusses the growing commercial rivalry between Louisville and Cincinnati and the proposal to build a railroad from Cincinnati to central and eastern Kentucky as a means of enabling that city to obtain a southern outlet for its commerce. Dr. Coulter deals in a thorough manner with the struggle for a right of way in Tennessee and Kentucky and the ultimate attainment of this goal by the city of Cincinnati. The study carries the history of the road up to the period of construction. The Cincinnati Southern Railroad was begun in 1873 and opened for traffic to Chattanooga in 1880, at a cost of about \$28,000,000. The municipality immediately leased the road. Although the railroad, according to the author, has never been a marked financial success, it has achieved certain desirable results for it opened a large area to the

merchants of Cincinnati and led to competition with other roads which caused a material lowering of freight rates from the Ohio River to southern shipping points. The author has drawn his material from a wide range of sources, and the book is thoroughly documented.

I. LIPPINCOTT.

DAGGETT, S. *The railroad labor controversy of 1921.* (Berkeley, Calif.: Author. 1922.)

GODFERNAUX. *Revue générale des chemins de fer et des tramways.* (Paris: Dunod. 1923.)

LAFON, G. *Les chemins de fer français pendant la guerre.* (Paris: Roussseau. 1923.)

McKEE, M. M. *The ship subsidy question in United States politics.* Smith College studies in history, vol. VIII, no. 1. (Northampton, Mass.: Dept. of History of Smith College. 1922. Pp. 60.)

An historical study, with chapters on the early policies, the first subsidy period (1845-1865), the second subsidy period (1865-1891), the partial subsidy period (1891-1914), and a list of references.

SALVAGO, G. *Le problème de l'étatisation des chemins de fer en France depuis leur origine jusqu'en 1859. Thèse pour le doctorat (sciences politiques et économique).* (Paris: Edouard Duchemin. 1922. Pp. 311.)

SHORT, L. M. *The Bureau of Navigation: its history, activities and organization.* Institute for Government Research, service monographs, no. 15. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 124. \$1.)

SPASOFF, I. M. and BEARDSLEY, H. S. *Farmers' telephone companies: organization, financing and management.* U. S. Dept. of Agriculture, Farmers' bull. no. 1245. (Washington: Gov. Prtg. Office. 1922. Pp. 30.)

WILLIAMS, H. G. and FAGG, C. J., editors. *The freight traffic red book; a practical reference book for those actively engaged in traffic work.* (New York: Traffic Pub. Co. 1923. Pp. 592. \$6.)

*Interstate Commerce Commission reports.* Vols. 69 and 70, *Decisions of the Interstate Commerce Commission.* (Washington: Gov. Prtg. Office. 1923. \$2 each.)

*Jahrbuch. Die deutsche Seeschifffahrt unter besonderer Berücksichtigung des Norddeutschen Lloyd.* (Bremen: Norddeutscher Lloyd. 1922.)

*List of references on the Delaware and Hudson Company.* (Washington: Bureau of Railway Economics. 1923. Pp. 45.)

*Progress report of the Port of New York Authority, February first, 1923.* (New York: Port of New York Authority. 1923. Pp. 23.)

*St. Louis Southwestern Railway: development of the property during the last fifteen years and its present conditions.* (New York: Wood, Struthers & Co. 1923. Pp. 48.)

An intensive analysis by an investment house, dealing with physical condition, operating efficiency, sources of revenue, earning power, and financial position.

## Trade, Commerce, and Commercial Crises

## NEW BOOKS

BERNACER, G. *La teoria de las disponibilidades como interpretacion de las crisis economicas y del problema social.* (Barcelona: La Revista de Economia. 1923. Pp. 32.)

This is one more attempt, and a very ingenious one, to account for the recurring crises in business. The author starts from the proposition that at any given time there is at the disposition of mankind a certain amount of wealth, some of which is required for the payment of those who are carrying on the work of the world; the rest, which he calls *disponibilidades*, is the fund from which investments may be made. Taking P as the total of production and R as the total of what individuals receive as wages and profits, P, of course is equal to R. Now at the beginning of any period let A be the sum of wealth apt for investment, and let R be the sum of the salaries and profits gained by individuals during that period; the effective demand cannot exceed  $A + R$ , and it will be less, because at the end of the period there will be a certain amount,  $A'$ , of wealth kept for reinvestment. Taking D as the effective demand, then  $A + R = D + A'$ , or  $R \pm (A - A') = D$ , and  $P \pm (A - A') = D$ ; that is, the effective demand of any period is equal to the sum of wages and profits plus the diminution, or minus the increase, of the sum reserved for reinvestment. The author arrives at the same conclusion as his predecessors Bouniatian and Aftalion, namely, that the lack of real demand is the cause of crises, and that the only cure is the attribution of a greater share of the world's production to the classes which produce instead of to the investors and speculators who merely manipulate capital. The author does not take into account the necessity of the reinvestment as capital in industry of a percentage of the world's production in order to counter-balance wear and deterioration, and to provide for the increase of the population and the inevitable improvements by which industry is rendered more productive. The remedy according to the author is not to be found in communism or collectivism but in a more direct fitting of the reward or profit to the work done by the individual, through the elimination of the fund of capital which at present gives so great a portion of the world's production to the owners of it in the form of interest and rent. How this is to be done is not clearly shown, but the whole subject is dealt with more at length in the author's *Sociedad y Felicidad* and in his promised *Dinamica de la Riqueza*.

R. R. W.

BISHOP, A. L. *Outlines of American foreign commerce.* (Boston: Ginn & Co. 1923. Pp. vii, 321. \$3.)

CISSI, R. *Storia del commercio.* (Padua: La Litotipo Edit. Univ. Pp. 216.)

FAYLE, C. E. *Seaborne trade.* Vol. II. (London: Murray. 1923. 21s.)

HOLTZ, L. *Ostpreussens Wirtschaft und Verkehr vor und nach dem Kriege.* (Königsberg, Pr.: Gräse & Unzer. 1923. Pp. 16.)

MONTESSORI, R. *Diritto commerciale. Parte generale.* (Padua: La Litotipo Edit. Univ. 1923. Pp. v, 612. 47 l.)

WICK, W. *Systematische Einführung in die Wirtschaftslehre unter besonderer Berücksichtigung des Handels.* (Stuttgart: Poeschel. 1922. Pp. xvi, 547.)

*Annual statement of the trade and commerce of Saint Louis for 1922.* (St. Louis, Mo.: Merchants' Exchange. 1923. Pp. 27.)

*Annual statement of trade of the United Kingdom with foreign countries and British possessions, 1921, compared with the three preceding years.* Four vols. (London: King. 1923. 12s; 40s; 30s; 30s.)

*Business cycles and unemployment. Report and recommendations of a committee of the President's Conference on Unemployment, including an investigation made under the auspices of the National Bureau of Economic Research.* (New York: McGraw-Hill Book Co. 1923. Pp. xl, 405. \$4.)

The report and recommendations of the committee are also printed in a pamphlet by the Department of Commerce, in the Elimination of Waste series (Washington, Gov. Prtg. Office, 1923, pp. 30, price 5c.).

*Commercial conditions in the Dominion of New Zealand to July, 1922.* Report by H. M. Trade Commissioner. (London: H. M.'s Stationery Office. 1923. 1s. 9d.)

*Commercial possibilities of the Union of South Africa; a survey of the recent industrial expansion and the mineral and agricultural resources of a market presenting great possibilities for American enterprise.*

*Documents statistiques sur le commerce de la France. Années 1920, 1921, 1922.* (Paris: Imprimerie Nationale. 1923.)

*Trade and industry of Finland.* (Helsingfors: Simelius. 1922. Pp. 746.)

*Report on the trade in imports and exports at Irish ports during 1921.* Dept. of Agriculture and Technical Instruction for Ireland. (Dublin: Stationery Office. 1923. Pp. 125. 3s.)

### Accounting, Business Methods, Investments and the Exchanges

*Railroad Capitalization. A Study of the Principles of Regulation of Railroad Securities.* By JAMES C. BONBRIGHT. Columbia University studies in history, economics, and public law, vol. XCV, no. 1. (New York: Longmans, Green & Company. 1920. Pp. 206. \$2.00.)

This scholarly and penetrating study into the principles and practices involved in the issuance of railroad securities and the problems of government regulation thereof begins with a careful restatement of the generally accepted principles of the relationship existing between capitalization and rates. This section offers but little that is unusual, except that the author introduces what seems to be an important point in the indirect influence which capitalization exerts on rates through the effect it has on railroad credit. "Overcapitalization tends to weaken corporate credit, not directly because of the heavy nominal



liabilities, but simply because these liabilities are apt to create excessive interest and dividend charges." This idea is developed carefully, and the point is made that failure to pay "expected" dividends on common stock is different only in degree from the failure to pay preferred dividends or even interest, so far as the impairment of credit is concerned and the consequent restriction of the flow of capital into the industry. After summarizing the accepted theories as to the basis of capitalization, the conclusion is reached that "the attempt to use nominal capitalization as a record of investment should be frankly abandoned" and the argument proceeds in defense of the use of no-par stock for railroads. The chapter dealing with this subject is the strongest part of the study, and is an able analysis and refutation of the points that have been raised against the practice. On the whole it constitutes a satisfying answer to the objections to the plan. The conclusion is reached that while the use of no-par stock would remove one of the main sources of misinformation and would greatly benefit all concerned, this step would not remove the possibility of inflation nor solve the question of proper railroad capitalization. Throughgoing regulation is still necessary.

The rôle performed by the use of stock with no par value "is the modest though significant one of removing a fictitious statement in order to leave a clean sheet for the correct information." This information it becomes the duty of the commissions to provide or at least to provide for. The concluding chapter enters into a critical analysis of the problems which the commissions face in attempting to control the issuance price of shares without par value. The most difficult of these problems is shown to be that of compelling miscapitalized companies to reorganize and rearrange their capitalization plan both as to the total amount and as to the burden of bonded debt. "The means to this end are to be found in a wise exercise of the powers of government over railway rates and railway service. . . . Compulsion may be used by a policy of severity toward the companies that fail to reorganize; persuasion, by a policy of liberality toward those companies that make the necessary capital readjustments."

FLOYD E. ARMSTRONG.

*Massachusetts Institute of Technology.*

*Advanced Accounting.* By GEORGE E. BENNETT. (New York: McGraw-Hill Book Company, Inc. 1922. Pp. xiv, 661. \$4.00.)

*Advanced Accounting* was designed as a textbook and this purpose has been the dominating influence throughout the work, particularly in the organization of material. In fact, the author's desire to furnish guide posts to his discussion has led him to overemphasize the mechanics of organization. Subject-matter built into an illuminating outline pro-

vides the partially digested material which the average student requires; but the reviewer ventures the opinion that resort to tabular arrangement and over-classification has weakened otherwise adequate discussions. Accounting analysis, under such influence, becomes to the student a mere matter of 1, 2, 3; 3a, 3b; etc.

The distinctive feature of this book is the author's interest in accounting in its relation to law and business practice. Consideration is given to the phases of accounting theory and practice usually included within the second year's study but the author attempts to co-ordinate accounting principles, business law, and considerations of corporate financial policy in such a way as to be helpful alike to the student and the instructor. This is in evidence in his discussion of corporate organization, corporate obligations, consolidation and merger, fiduciary accounting, etc. where not only the purely accounting but the legal aspects receive consideration and business procedures are outlined in detail. The desirability of familiarizing the student with such matters, as a background for his work in accounting, would seem to justify such treatment.

The author expressly confines himself to "accounting as practiced today" to the exclusion of his own "pet theories." This attitude need not prevail in all books on the subject but it might well characterize most textbooks. It shows itself here in the author's portrayal of alternative methods of procedure and in the reserve with which he states his preferences.

Accounting analysis consists of the application of general accounting principles to specific business situations. But it is precisely at this point that the student finds his greatest difficulty. The author meets this problem satisfactorily. In the first place, he recognizes the effectiveness of specific example and utilizes this method throughout. Important discussions are concluded by statement in detail and formal solution of illustrative problems, selected, in part, from C. P. A. examinations. In the second place, the author accepts every opportunity to illustrate by journal entry the accounting interpretation of business facts and their effect upon balance sheet and income accounts and classifications.

In the opinion of the reviewer, it is unfortunate that the first three chapters were designed to bridge the gap between elementary and advanced accounting. The need for such bridging process is well recognized. A review of principles and a gathering together of loose ends are desirable; but the reviewer doubts whether such a gathering together of details should constitute the introduction to a formal text on advanced accounting. In any case, these chapters are a disappointing introduction to an otherwise fairly satisfactory presentation. Their chief weakness lies not in thought, but in expression. Not

only do they give the impression of unrelated ideas but such ideas are not always allowed the benefits of statement with precision. The phraseology is oftentimes involved and the presentation is laboriously mechanical.

The last three chapters, seventy-five pages, are devoted to an excellent discussion of the requirements of fiduciary accounting with special reference to the legal problems involved. Seven specific problems and their solutions contribute to the effectiveness of this discussion. Careful consideration is given to accounting for consolidation and merger and holding company-subsidiary relationships. Two chapters are devoted to "Analysis of Statements" for credit and investment purposes. The last hundred pages of the book contain questions and problems on accounting theory and practice designed and classified for use with the text proper.

JAMES P. ADAMS.

*Brown University.*

*Commercial Goodwill: Its History, Value, and Treatment in Accounts.*

By P. D. LEAKE. (New York: Isaac Pitman. 1921. Pp. xii, 260. \$7.00.)

Many sound opinions, generally well expressed, and a few not so good, equally well expressed, are contained in this English book. The author treats of commercial good-will in its broadest sense as including not only business connections, names, location, etc., but also trademarks, patents and designs, copyrights, monopoly rights, etc. He calls particular attention to the definition: "Commercial good-will is the right which grows out of all kinds of past effort in seeking profit, increase of value, or other advantage." In common with most writers on the subject the author states that the value of good-will depends almost always upon the probability of earning future profit, which is termed "super profit," in excess of a rate of interest on capital invested, which rate will attract and retain the necessary capital having due regard to the degree of risk incidental to the character of the undertaking.

The point is well made that in valuing good-will it has become customary to look backward and to accept too readily past events as an unerring guide to the future. The statement is also made that it is never possible to look into the future with very great success, but that it is necessary to endeavor to do so.

The principle is then laid down that the exchangeable value of good-will is generally an advance payment for the "super profit" in the form of an annuity and should be valued as an annuity either constant in amount or diminishing by equal annual amounts, and for a certain term of years. The author would discount the annuity at such

a rate that the investment in good-will will be refunded and interest earned on the investment in good-will during the life of the good-will which, it is stated, is never permanent and is generally unknown in extent. This is a rather debatable position, but is taken by the author as a statement of fact, and the remainder of the book hinges on this theory. The author, however, cites certain cases where good-will has an exchangeable value, even though the business purchased may not contain the element of "super profit," such as the buying up of a competitor in order to reduce competition, and thus presumably to stabilize the earnings of the purchaser.

There is probably too much detail in attempting to determine the exact number of years the so-called "super profit" will be earned, whether the "super profit" will be constant in amount or will diminish by equal annual amounts, the correct rate of discount to return the investment and allow a rate of interest, etc. There is little difference between an annuity of \$100.00 per year for 30 years discounted at 20 per cent, and a more rough and ready calculation which would simply capitalize the "super profit" at 20 per cent. The difference is approximately \$1.95. While the author's arguments are plausible and perhaps in some cases his method would attain more accurate results than the more usual methods, yet in most cases the details would be too much a matter of opinion.

Most American business men and accountants would differ from the author in considering the good-will at any particular moment as distinct from the good-will at another date say 10 years hence. In his opinion, since the present good-will is not the good-will purchased 10 years ago, the cost of the good-will should be depreciated and written off. The argument which we believe has least support appears in the chapter devoted to the depreciation of good-will. The author states that there can be no question as to whether or not part of the cost has expired at a certain date; the only question is as to the portion which has expired. After taking his conclusion as an established fact and then attempting to prove it, the author arrives at a method of writing off good-will over a period of years. He states that if the profits are not enough to write off the estimated yearly depreciation either no amount should be written off or else a small amount dependent upon the earnings; in other words "depreciation according to convenience and circumstances."

A chapter is devoted to urging the allowance of depreciation of purchased good-will for the purpose of the British income tax. No doubt most American business men would heartily endorse this view. In a previous chapter the author states that the probable income tax must always be deducted in arriving at profits attributable to the tangible and intangible value. Until such time as the United States Treasury

Department allows depreciation of good-will, which may be never (except in special cases due to prohibition enactments, etc.), it is hoped that the Department will adhere to its present theory of generally excluding income taxes as deductions from earnings in computing intangible values. The last half of the book is devoted to a few tables and to copies of the British acts covering trade-marks, patents and designs, and copyrights.

Perhaps the chief criticism of the book may be summed up in that the work is an attempt to treat an impossible subject, namely, the exact determination of good-will value. If one is willing to accept the author's basic theories, then the work will undoubtedly meet with approval. Since the general American opinion is contrary to the basic theories laid down by the author, the chief appeal of the book to American business men and accountants is in the general discussions of the nature and value of good-will.

N. J. LENHART.

*Lybrand, Ross Bros. & Montgomery, Chicago.*

*Rate Making for Public Utilities.* By LAMAR LYNDON. (New York: McGraw-Hill Book Company, Inc. 1923. Pp. vii, 209.)

The heart of this work on public utility rate making is contained in the first five chapters (113 pages), which cover the general theory of rate making, depreciation, valuation of properties on the reproduction cost basis, valuation by the historical cost method, and tangible values. These are plainly the chapters in which the author is principally interested and to which he has devoted his real efforts. The eight remaining chapters simply round out the discussion of the various phases of rate making. Short chapters are included on gas rates, electric, street railway, and telephone rates.

The author's chief concern is in the principles of public utility valuation. In chapter 2 he discusses depreciation, which is defined as "the decrease in value of an article, device, substance or material which has a limited life, due to use, the passage of time or changes in conditions of use." He includes not only ordinary physical depreciation of wear and tear, but "functional" depreciation due to obsolescence and inadequacy. The depreciation reserve, whether actually shown by the books of the corporation or determined by an appraisal, is treated as the part of the cost applicable to past operation, and is deducted from the cost of the properties.

Mr. Lyndon meets particularly the view abundantly presented in recent years, that there is no depreciation of public utility properties so long as they are maintained to furnish proper service. He shows that depreciation is an inevitable reality and is necessarily a cost of service. This is true not only of property whose wear and tear from



operation is visible and can be more or less accurately measured, but also of the invisible elements. The speciousness of the opposing view is summarized (pp. 39, 40):

Such contentions are not even worth contradicting; a mere statement of them is sufficient for their refutation. No special training in engineering or economics is necessary to perceive the impossibility and ingenueness of such position.

The main drive is against the reproduction method of valuation, considered separately in chapter 3. Besides the usual arguments against the reproduction method, he shows that even the so-called equitable argument, which nominally seeks only an adjustment in investment to changes in purchasing power of money devoted to the public service, is unsound and is not even systematically adhered to by the reproduction supporters. In the first place, they are not willing to follow the method through a period of declining as well as rising prices; and, second, they have never proposed a similar adjustment to cover the decrease in purchasing power of money for the bondholders. Although the entire property is valued at reproduction cost, the bondholders are held to a return on actual investment according to the terms of the bonds; they are paid in dollars without regard to changes in price levels. The stockholders thus get the benefit of the adjustment, not only on their own investment but also on the bondholders'.

The author upholds the historical cost as the correct basis of valuation for rate making. This consists of the total actual moneys invested in the plant from the date of inception, but includes only property in existence at the time of valuation. Full deduction is made for depreciation. If, however, a fair return has not been earned on the investment throughout the period of operation, the deficiency is added to the cost of the properties less depreciation, under the caption "cost of establishing business."

The book presents a well-balanced view of valuation, and attempts to be just to both the public and investors. Among minor points of criticism, we may ask why deficiencies in return should be added to investment if excesses are not deducted, and why land should be treated differently from other property, why recognize increments in land values if not in structures and equipment? Perhaps the more serious point is the assertion that while the commissions have held mostly to the net investment as the proper basis of return, the courts "decided that the cost to reproduce the property, as of the time of the valuation, was the proper basis." But the courts have made no such decision; they have indulged perhaps too liberally at times in dicta which incline toward reproduction cost, but actually have decided nothing more than that the investors are entitled to a fair return on the "fair value" of the property. What is "fair" has never been judicially

defined in a decisive way, and the question is wide open for further discussion and the test of experience.

JOHN BAUER.

New York City.

#### NEW BOOKS

ASHLEY, W. *Scientific management and the engineering situation.* (London and New York: Oxford Univ. Press. 1923. Pp. 28.)

LAPP, L. R. *Reducing transportation in the factory.* Lecture no. 42 of the factory management course and service. (New York: Industrial Extension Inst., 9 East 45th St. 1923. Pp. 14.)

DAVIS, G. H. *Commercial value including tangible and intangible assets.* (New York: Author, Ford, Bacon & Davis, 115 Broadway. 1923. Pp. 7.)

MUNN, H. A. and DIMOND, H. P. *Commercial arbitration; being a compilation of awards of arbitration committees of various trade associations and chambers of commerce in the United States, together with introductory text on common law and statutory arbitrament.* (San Francisco: A Carlisle & Co. 1922. Pp. xx, 329.)

EDIE, L. D., editor. *The stabilization of business.* (New York: Macmillan. 1923. Pp. xii, 400. \$2.50.)

A compilation of nine essays by different authors, edited by Professor Edie. The subjects and authors of the several essays are as follows: The problem of controlling business cycles, by W. C. Mitchell; Stabilizing the dollar, by Irving Fisher; Transportation and the business cycle, by F. H. Dixon; Unemployment—prevention and insurance, by J. R. Commons; The coördination of production and marketing, by L. D. Edie; International problems in business stability, by E. R. A. Seligman; Public works as an agency of control, by J. B. Andrews; The psychological factors in stabilization, by W. D. Scott; The applied technique of stabilization, by H. S. Denison.

FISH, C. L. *Engineering economics. First principles.* Second edition. (New York: McGraw-Hill Book Co. 1923. Pp. xi, 311.)

Professor Fish has written this book apparently with the hope of teaching engineering students how to promote—or, at least, how to assist in promoting—new business enterprises. The point of view adopted throughout is that of the man who is trying to develop a new investment opportunity.

In analyzing the promoter's procedure, however, the author devotes only the scantiest attention to its business aspects. The method of estimating the probable gross earnings of a new enterprise, for example, is singularly slighted. Market analysis is not mentioned; the whole subject of forecasting earnings is dismissed with one paragraph; and that paragraph describes a method which is applicable only to local public utilities. The subject of costs, both of construction and of operation, is more adequately developed, although even here there is the same neglect of commercial factors. The methods of estimating physical depreciation are explained exhaustively throughout two chapters, but functional depreciation is given only one sentence of fine print. Construction cost and its determination

is described in detail, but the cost of developing business is not mentioned. On the financial side, the various forms of the business unit are described at some length; the chief forms of corporate securities are enumerated and classified; but the central problem of securing the capital for the new corporation is discussed only very briefly and the whole subject is then dismissed with the statement that "sometimes the control and direction of the promotion is taken over at this stage by the banker." No attention is devoted to those attributes which would cause the new enterprise to appeal to an investor or a banker.

On the other hand Professor Fish has devoted considerable care to the engineering and mathematical aspects of his subject. His analysis of construction cost seems adequate; his treatment of the mathematics of depreciation is unusually complete; and one of his appendices is a real contribution. Appendix B presents in a compact and convenient form, and with the authorities cited, a series of estimates of the probable service period or "life" of some 300 types of equipment used by public service corporations. This same appendix contains also the tables and formulas usually found only in treatises on the mathematics of investment. For this reason teachers of corporation finance and of investments may find this book a useful addition to their reference libraries.

DONALD S. TUCKER.

GAGNEPAIN, L. *Précis d'organisation comptable*. (Paris: Ravisse. 1922. Pp. 216.)

HAAS, G. C. *Sale prices as a basis for farm land appraisal*. Agricultural Experiment Station, Technical bull. 9. (St. Paul, Minn.: Univ. of Minnesota, Agri. Exp. Sta. 1922. Pp. 31.)

HALL, S. R. *The handbook of business correspondence*. (New York: McGraw-Hill. 1923. Pp. 1048. \$5.)

IVEY, P. W. *Elements of retail salesmanship*. New edition, with two new chapters. (New York: Macmillan. 1923. \$1.75.)

JESNESS, O. B. *Plans for coöperative marketing*. College of Agriculture, Extension Division, Circular no. 134. (Lexington, Ky.: Univ. of Kentucky, Extension Div. 1922. Pp. 36.)

JORDAN, H. W. *How to form a company*. Fifteenth edition. (London: Jordan & Sons. 1922. Pp. 103.)

KEARNEY, P. W. *Business letters made easy; a brief but comprehensive study of the principles which naturally simplify the art of handling the day's mail*. (New York: Clode. 1923. Pp. 297.)

McKINSEY, J. O. and MEECH, S. P. *Controlling the finances of a business*. (New York: Ronald. 1923. Pp. vii, 638. \$5.)

MASON, J. W. *Origin and history of suretyship*. An address to the students of the intermediate course in casualty insurance, Insurance Society, New York. (New York: Author, American Surety Co. 1923. Pp. 8.)

PALMER, A. R. *Bell's handbooks of commerce and finance*. Five vols. (London: G. Bell & Sons. 1923. 16s. 8d.)

PALMER, L. E. and BELL, W. H. *Accountants' working papers*. (New York: Ronald. 1923. Pp. 194. \$5.)

PICARD, R. *Le contrôle ouvrier sur la gestion des entreprises.* (Paris: Rivière. 1922. 4.50 fr.)

PRAIGG, N. T., editor. *The advertising year book for 1922.* (Garden City, N. Y.: Doubleday, Page & Co. 1923. \$2.)

RIDOUT, R. E. T. *A school introduction to business life and organization.* (London: Effingham Wilson. 1923. 3s.)

ROBERTS, G. E., editor. *Economics for executives. VI, Marketing.* (New York: American Chamber of Economics, Inc. 1922. Pp. 76.)

SANDERS, W. R. *Ice delivery; a complete treatise on the subject.* (Chicago: Nickerson & Collins Co. 1922. Pp. 318.)

STRONG, E. K., JR. and UHRBROCK, R. S. *Job analysis and the curriculum with special reference to the training of executives.* (Baltimore, Md.: Williams & Wilkins Co. 1922. Pp. 146. \$1.)

TIPPER, H. *Mediums of advertising.* Advertising fundamentals, the standard course of the United Y. M. C. A. Schools, book 3. (New York: Association Press. 1922. Pp. viii, 197.)

VANCE, R. *Business and investment forecasting. Forecasting methods and their application in practical use.* (New York: Brookmire Economic Service, 25 West 45th St. 1922. Pp. 132.)

WALKER, R. G. *A classified selection of problems in accounting.* (Ann Arbor, Mich.: G. Wahr. 1922.)

WHITEHEAD, H. *Common sense in business.* (New York: Crowell. 1923. Pp. viii, 315. \$2.50.)

WINTERNITZ, R. and CHERINGTON, P. T. *English manual for business.* Prepared for the educational department of the Associated Advertising Clubs of the World, New York. (Chicago: A. W. Shaw Co. 1923. Pp. 96. \$1.)

Mr. Winternitz is connected with the planning department of William Filene's Sons Company, and was formerly on the staff of the Graduate School of Business Administration of Harvard University. Mr. Cherington is marketing adviser of J. Walter Thompson Company. The manual is designed especially for the business executive who is anxious to improve the quality of his written English.

*The exclusive agency. A study in the marketing of manufactured products.* (New York: New York University Bureau of Business Research, 90 Trinity Place, Lewis H. Haney, Director. 1923. Pp. 64. For sale by University Book Store, 32 Waverly Place, N. Y., \$1.)

Among the topics discussed is the nature of exclusive agency agreements and contracts, including the advantages and disadvantages of such agencies to the manufacturer and the jobber and retailer. Chapter 8 deals with types of commodity sold most effectively through exclusive agencies.

*National Association of Cost Accountants, year book, 1922.* (New York: Bush Terminal Sales Bldg. 1922. Pp. 452.)

Contains proceedings of the Third International Cost Conference, at Atlantic City, September, 1922. Of particular value are the many papers which were presented and also the discussion based upon them. Included in the topics dealt with are: actual costs as compared with re-

placement costs, sales and administrative costs, standards as a means of reducing costs, budgets—their construction and use, the place of costs in business management, and cost problems in the textile industry. The remainder of the volume is devoted principally to reports of officers and directors on such matters as membership, research, standardization, publicity, and education.

M. J. S.

*Papers and discussion—Second New England Regional Cost Conference; Principles and practice of construction cost-keeping (part II, Analyzing costs), by W. M. AFFELDER; Standard cost—how to establish and apply them, by W. F. WORRALL.* Official publications of the National Association of Cost Accountants for April 2 and 16, May 1, 1923. (New York: Association, Bush Terminal Bldg. 1923. 25c. each.)

*Pocket index of Moody's ratings; industrials, public utilities, governments and municipals, steam railroads.* (New York: Moody's Investors Service. 1923.)

*Operating expenses of retail shoe stores in Nebraska in 1921.* By the Committee on Business Research. Nebraska studies in business, bull. no. 4. (Lincoln, Neb.: Univ. of Nebraska, College of Business Administration. 1923. Pp. 21. 50c.)

*Third standardization bulletin by the Standardization Division of the American Mining Congress, Cleveland, Ohio, October 9-14, 1922.* (Washington: American Mining Congress. 1923. Pp. 387. \$1.)

*Trade-marks of the jewelry and kindred trades.* Fourth edition. (New York: Jewelers' Circular Pub. Co. 1922. Pp. xxvi, 436.)

*Typical abuses in handling municipal bonds. Proposing a municipal bond service for bond buyers, bond bankers and bond issuers.* (New York: Committee on Non-Partisan Facts of the Institute for Public Service, 1125 Amsterdam Ave. 1923. Pp. 32.)

## Capital and Capitalistic Organization

### NEW BOOKS

DUNN, W. C. *Trusts for business purposes.* (Chicago: Callaghan & Co. 1922. Pp. xx, 795.)

HOFFMAN, A. *Die Konzentrationsbewegung in der deutschen Industrie.* (Leipzig: A. Deichertsche Verlagsbuchhdlg. 1922. Pp. 19.)

SCHIESS, J. *Die Kartelle in der schweizerischen Textil-Veredelungsindustrie.* (Weinfelden, Konstanz: A. G. Neuenschwandische Buchdr. u. Verlh. 1923. Pp. 143.)

WHITE, F. *White on corporations, containing the laws as amended to January 1, 1923, concerning business, railroad, ferry, navigation, stage coach, tramway, pipe line, gas, electric light, waterworks, telegraph, telephone, turnpike, plankroad, bridge and freight terminal corporations, tax law provisions, Civil Practice act provisions, etc., affecting the foregoing classes of corporations, together with decisions, commentaries, forms and precedents.* Ninth edition. (New York: Baker, Voorhis & Co. 1923. Pp. 2017.)



## Labor and Labor Organizations

*Analysis of the Interchurch World Movement Report on the Steel Strike.* By MARSHALL OLDS. (New York: G. P. Putnam's Sons. Pp. xxiv, 475. 1923. \$2.50.)

This book is announced as an answer to the *Interchurch Report on the Steel Strike*. The three parts of the book consist, first, of a foreword by Jeremiah W. Jenks, a statement as to accuracy of citations and statistics by Haskins and Sells, certified public accountants, statements by Dr. W. H. Foulkes and Mr. Stanley Went, two uncritical editorials, and a statement of the sources of information and preparation; second, of an analysis of the steel strike report; and third, of bitter attacks on trade unionism and its leaders and all connected with the making of the *Interchurch Report*.

The purpose of the book is one of propaganda, freely and fully proclaimed, and extraneous methods are used to bolster up the same with the weight of authority. But what is its value? Dr. Jenks confesses: "I have not had time and have made no attempt to verify his figures, his citations of authorities, or his quotations. Inasmuch, however, as this could readily be done by any party interested, as Mr. Olds has a reputation as a student of these questions to sustain, and as he has, I understand, taken the wise precaution of having all such matter carefully verified by competent outside assistance, I have no question that this part of his work has been carefully done." But Mr. Olds' book on *The High Cost of Strikes* was severely criticized for its inaccuracy and lack of knowledge of the subject. Mr. Jenks, himself, has not taken his own prescription and his foreword means absolutely nothing. If certain things are so, certain results follow, but Dr. Jenks swallows the *if* and goes ahead with his recommendation. Imagine the first row around and then go ahead, were the old lady's directions for knitting a stocking.

The statement from a firm of certified public accountants that all citations are accurate and that all statistics have been verified ought perhaps to carry weight, but the present reviewer, who is a mere economist, turns over the pages and reads a statement from a letter of the Reverend William Hiram Foulkes "that some of the actual investigations were not as unprejudiced as they should have been, and that personally representing one side of the controversy, their testimony was, therefore, liable to be discounted." This is a candid confession honestly made and takes into account the personal equation. It is not, however, a repudiation of the *Interchurch Report* on the part of Dr. Foulkes. The entire letter is printed on page 450 by Mr. Olds, and the context gives an entirely different meaning from that inferred by the part quoted in the early portion of the book. Not only this

example but numerous others might be given. The use of italics where none exist in the original quoted, the taking of parts of some statements and linking them with parts of others, the misspelling of proper names, and glaring misstatements of facts abound.

A large part of the book is devoted to personal attacks on the leaders of the steel strike and many members of the Interchurch Commission on the ground of their being tainted with dangerous economic opinions. Bolshevik, radical, and revolutionist are some of the epithets used. The idea that the steel strike was intended as the beginning of a social revolution is resurrected and made to do yeoman service but with no more real evidence than in 1919. Mr. Olds is like the lawyer who, when he has no case, abuses the other side.

The statements in regard to the twelve-hour day are quite interesting. On page 241 Mr. Olds says: "The twelve-hour day in the steel industry represents the most conspicuous opportunity in industry for the immigrant worker to better his economic standing by making up for his inherent handicaps through a maximum use of his greatest asset." Thus the foreigner is to be Americanized and dividends increased, both at one stroke. This may be the ground for the abrogation of present restrictions on immigration recently proposed by Judge Gary. The early factory investigators in England ran across the same argument in that Willie was a better boy when he worked fourteen hours a day—childish mischief being eradicated and profits increased at one blessed stroke. The reply of the Hunky to the actual fact is, "Work long day, me no live." The recent report of the Society of Engineers against the twelve-hour day shows the direction of current opinion. The findings of representatives of such a body of men, highly educated and scientifically trained, cannot be disregarded. The twelve-hour day with its accompanying seven-day week and twenty-four hour shifts is a social anachronism which seems to exist only in the steel industry.

In conclusion, this book by Mr. Olds must be characterized as unscientific and unconvincing. Admitting for the sake of argument defects in the *Interchurch Report*, one must say that Mr. Olds has not controverted its fundamental conclusions because he does not seem to have the faintest comprehension of what the people in the Interchurch World Movement were trying to do. The social point of view in industry, however, is gaining ground, and if this is true, the gratuitous distribution of this book by the United States Steel Corporation is a sheer waste of good money.

GEORGE M. JAMES.

*Washington and Jefferson College.*

*Labour Policy—False and True.* By SIR LYNDEN MACASSEY. (London: Thorton Butterworth, Limited. 1922. Pp. 312. 7s. 6d.)

Sir Lynden Macassey was one of Lloyd George's most trusted and accomplished aids in the difficult tasks of maintaining industrial peace and securing the industrial coöperation of the British workers during the war. He has had thus a continuous and extensive experience in industrial controversy.

But this volume is a party tract rather than a thorough analysis of his own experience—not an unintelligent or orthodox party tract—but still a party tract (written, we take it, while the coalition government was still in power). The tendencies which justify that characterization are many. Two in particular are evident. First, he displays much greater acumen and persistence when he is subjecting the policies he opposes to critical analysis than he does when presenting alternative policies which he supports. Second, his proneness, when discussing questions upon which it is almost impossible to accumulate decisive evidence, to assert a conclusion congenial to his own views on slender evidence. An example of the first tendency is the decided emphasis and skill with which he reveals the sporadic inclination of the British Labour movement to resort to direct action in junctures which, under the ordinary practice of the Constitution, are for Parliament to decide—as contrasted with his gingerly treatment of the mistakes and false pretences in foreign policy which led to the most spectacular threats of direct action. An example of the second tendency is to be found in the discussion of the question of whether unemployment insurance can be most satisfactorily administered by state or by industry. A conclusion in favor of the latter is definitely reached merely on the figures of comparative cost of administration by one single business firm as compared with state costs—though he himself notes that the government scheme has to cover multifarious trades, organized, semi-organized, and those not organized at all.

These, as the reviewer measures the same range of facts, are not occasional lapses but constant aberrations. They are probably accounted for in some measure by the extreme difficulty of studying adequately as vast an array of matters as are considered in this volume within a single set of covers and within politically pertinent time.

The book is divided into three sections. In the first, Sir Lynden Macassey gives a systematic description of the Labour party's doctrines of industrial reorganization, drawn from their party documents.

In the second, he gives a continuous exposition of what recent governments have done to settle industrial difficulties and remedy industrial evils. This part contains an excellent historical account of the growth and character of collective bargaining arrangements in Great Britain. It tends, however, to give past governments the chief credit for some

reforms which were instituted only at the strong urgency of the Labour party. And it reveals a too ready satisfaction with the outcome of others; witness his approval of the government's agricultural wage policy under which weekly wages have fallen below 25 shillings in some counties—the cause of the present strike in Norfolk.

In the last section, he submits an independent analysis of the aspirations and sentiments of the workers, and suggests how principles already in existence should be used to satisfy these sentiments and aspirations. The suggestions made follow the familiar lines of what has come to be called "liberal" policy, as set forth, for example, in the Whitley report and the Cave Committee report on the Trade Boards. This policy he dilutes, then expounds with clarity. The dominant economic theories of this part sometimes have a rusty sound. They form a closed system which leaves little room for those improvements in industry and adjustments in distribution which organized labor strives to effect by its own pressure and activities.

Sir Lynden Macassey's recommendations, if sincerely acted upon today in Great Britain, would be in advance of the customary policies of most employers. But it is highly improbable that the Labour party can be recalled to them for better or for worse. That may be due mainly to the fact that the type of modified, generous democratic individualism which we call "liberalism" requires a greater capacity for steady and delicate understanding between members of separated economic classes than human beings possess. Or it may be because the undying opposition shown to liberal tenets by timid, selfish interests develops a distrust and determination not to be satisfied with anything less than the complete dispossession of those interests.

HERBERT FEIS.

*University of Kansas.*

#### NEW BOOKS

ADAMS, W. W. *Accidents at metallurgical works in the United States during 1921.* U. S. Dept. of the Interior, Bureau of Mines, Technical paper 327. (Washington: Gov. Prtg. Office. 1923. Pp. 31.)

———. *Metal-mine accidents in the United States during 1921.* U. S. Dept. of the Interior, Bureau of Mines, Technical paper 331. (Washington: Gov. Prtg. Office. 1923. Pp. 96.)

ANDREJEW, A. *Die russischen Gewerkschaften in den Jahren 1921-1922.* Bibliothek der Roten Gewerkschafts-Internationale, Band 11. (Berlin: Phöbus-Verlag. 1922. Pp. 32.)

VON BECKERATH, H. *Kräfte, Ziele und Gestaltungen in der deutschen Industriewirtschaft.* (Jena: Fischer. 1922. Pp. 81.)

BLOOMFIELD, D., compiler and editor. *Financial incentives for employees and executives.* Two vols. (New York: Wilson. 1923. Pp. xx, 325; 407. \$4.80.)

Contains bibliography (12 pages) and extracts from books and periodicals on types of wage systems, piece work, day work, and week work, principles of bonus plans, bonuses for increased production, quality, economy, steady attendance, length of service, thrift plans, profit-sharing, stock participation plans, mutual benefit associations, pension plans, incentives in retail stores, compensation of salesmen and office workers, and incentives for foremen and executives. The material represents recent practice.

CLARKSON, G. B. *Industrial America in the World War. The strategy behind the line—1917-1918.* (Boston: Houghton Mifflin. 1923. Pp. xxiii, 573. \$6.)

COLE, G. D. H. *Trade unionism and munitions.* Carnegie Endowment for International Peace, Economic and social history of the World War (British series). (London and New York: Oxford Univ. Press. 1923. Pp. xii, 247.)

"This account of labor in the munitions industries during the war period is drawn from a very diverse set of sources. Largely, it is based on notes and memoranda compiled by the writer during the period under review, and on documents then collected for future reference. These have been supplemented from published official and other records, from files of newspapers and trade union journals, and especially from the immensely valuable collections of material in the possession of the Labour Research Department. In most of the events described, the writer, in his capacity as adviser to the Amalgamated Society of Engineers, was directly concerned."

\_\_\_\_\_. *Workshop organization.* Carnegie Endowment for International Peace, Economic and social history of the World War (British series). (London and New York: Oxford Univ. Press. 1923. Pp. xi, 184.)

FERENCZI, E. *Die internationalen Wanderungen und die nächste allgemeine Arbeitskonferenz.* (Jena: Fischer. 1922. Pp. 12.)

HERKNER, H. *Die Arbeiterfrage.* Two vols. Eighth revised edition. (Berlin: Verleger W. de Gruyter & Co. 1922. Pp. xviii, 616; xvi, 696.)

HOFFHERR, R. *Le boycottage devant les cours anglaises 1901-1923.* (Paris: Giard. 1923. 10 fr.)

NASH, A. *An industrial miracle and how it happened.* (Boston: Murray Press, 176 Newbury St. 1923. Pp. 32. 5c.)

Excerpts from lectures delivered at the Massachusetts Institute of Technology, Cambridge, Mass., March, 1923.

PHILLIPS, M. *Frauen- und Kinderarbeit in der Textilindustrie.* (Amsterdam: Verlag d. Internat. Gewerkschaftsbundes. 1922. Pp. 32.)

RAYNAUD, B. *Manuel de législation industrielle.* (Paris: E. de Boccard. 1923. Pp. 427.)

ROWE, J. W. F. *Wages in the coal industry.* Studies in economics and political science of the London School of Economics and Political Science, no. 68. (London: P. S. King. 1923. Pp. vi, 174. 10s. 6d.)

Since the startling revelations and recommendations of the Sankey Commission any fresh study of the British coal industry is of special interest. And the question of wages of which this volume treats comes



very near to being the heart of the whole problem. The writer is quite successful in giving the impression that the coal industry is a complicated business and that the wage feature is perhaps the most complicated of all. The twelve principal coal-producing districts vary widely in mining conditions and in the methods and customs of working and wage adjustment. Very few mines really go bankrupt and some, owing to natural conditions rather than excellence of management, make fabulous profits. The fields in the northeast and in South Wales are more dependent upon the uncertain and fickle export market whereas those of the great industrial area of the Midland countries have a more assured home market. The struggle of the Miners' Federation has been to get away from the method of fixing wages according to coal prices, either by the direct method of the sliding scale which persisted the longest in the areas relying upon export trade or by the application of a "percentage" that arrived at much the same result, and to bring about a national agreement and some approach to uniformity in wages and other conditions throughout the country. For, as the writer justly remarks, "the ordinary theory of wages needs considerable modification before it can be applied to the coal industry as a short period proposition." Collective bargaining, even when it is a well-established method of adjusting disputes, does not quickly and automatically arrive at a productivity wage. The effort to bring about nationalization of the coal industry or a "wage pool" created by a levy upon the industry, is an outgrowth of the desire to make profits rather than prices the basis of wage determination. The settlement of 1921, though district rather than national in scope, does recognize profits as a basis and, the writer thinks, will give to the miners a stronger incentive for increasing output and making economies in other items than wages. It does not satisfy the desire for uniformity. The study is backed up by six appendices including a bibliography.

W. B. CATLIN.

SINZHEIMER, H. *Das zukünftige Arbeitsrecht in Deutschland*. (Berlin: Verlagsgesellschaft des Allgemeinen Deutschen Gewerkschaftsbundes m. b.H. 1922. Pp. 16.)

TSIANG, T. F. *Labor and empire. A study of the reaction of British labor, mainly as represented in Parliament, to British imperialism since 1880*. Columbia University studies in history, economics and public law, vol. CVI, no. 1. (New York: Longmans, Green. 1923. Pp. 220.)

WELBOURNE, E. *The miners' unions of Northumberland and Durham*. (London: Cambridge Univ. Press. New York: Macmillan. 1923. Pp. 321. \$4.20.)

*Cotton weaving atmospheric conditions*. Report of Industrial Fatigue Research Board. (London: H. M.'s Stationery Office. 1923. 2s.)

*The enforcement of Railroad Labor Board decisions*. University of North Carolina Extension Bull., vol. II, no. 5, Nov. 1, 1922. (Chapel Hill, N. C.: Univ. of North Carolina, Extension Division. 1922. Pp. 84. 50c.)

Contains briefs and extracts from various articles and references on the affirmative and negative of the question, Resolved: That Congress should provide for the enforcement of decisions of the Railroad Labor Board.

*Erstes Jahrbuch des Internationalen Gewerkschaftsbundes.* (Amsterdam: Verwaltung, 61 Vondelstraat. 1922. Pp. 714.)

*Les fluctuations des salaires dans divers pays (1914-1921).* (Paris: Sirey. 1923. 3 fr.)

*The handbook of the Building Trades Employers' Association of the City of New York, 1922.* (New York: Bldg. Trades Employers' Assoc. 1922. Pp. 184.)

Contains a table of the rates of wages of different classes of employees, the general arbitration plan between the Building Trades Employers' Association and the unions of the building trades, and the provisions of the work agreement setting forth the work claimed by each union and the decisions governing the questions of the jurisdiction of each trade.

*International Labour Directory, 1923.* Third year. (Geneva: Intern. Labour Office. 1923. Pp. 1120.)

*International Labour Office. Hours of labour in industry: Great Britain.* Studies and reports: series D (wages and hours), no. 7. (Geneva: Intern. Labour Office. 1922. Pp. 31. 20c.)

This report embodies information collected by the Labour Office and submitted to the British government for correction and amendment. It gives the hours by industries and crafts within industries, and also indicates how far hours are fixed by collective agreements and how far by law.

\_\_\_\_\_. *Legislative series.* Vol. I—1920. (Geneva: Intern. Labour Office. 1922. Various paging.)

Contains all important legislative acts and administrative orders relating to labour which have been passed or become effective in the year 1920 in all countries. The Legislative series is a continuation of the Bulletin formerly published by the old International Labour Office at Basle, Switzerland, but is more ample in scope.

\_\_\_\_\_. *Organization of industry and labour conditions in Soviet Russia.* Studies and reports: series B (economic conditions), no. 11. (Geneva: Intern. Labour Office. 1922. Pp. 83. 40c.)

"An objective account of the legislative provisions governing labor and industry" in Russia down to mid-April, 1922. The material is taken solely from Soviet sources and is reproduced without comment or criticism. No attempt is made to indicate the extent to which these laws are actually enforced.

\_\_\_\_\_. *Statistics of unemployment in various countries, 1910 to 1922.* Studies and reports, 1922: unemployment series, no. 1. (Geneva: Intern. Labour Office. 1922. Pp. 28. 20c.)

Consists chiefly of statistical tables and notes on the sources of the data. Percentages of unemployment are given for all the countries for which official statistics have been regularly published during the period covered. Massachusetts is the sole representative of the United States in the group. It was not possible to reduce the percentages to a uniform basis for the several countries but the percentages for each country are comparable from year to year.

\_\_\_\_\_. *Wage changes in various countries, 1914-1921.* Studies and reports: wages and hours series, no. 2. (Geneva: Intern. Labour Office. 1922. Pp. 76. 40c.)

The statistical data are accompanied by a discussion of the sources and a brief chapter of conclusions on the movements of real wages.

*Labour legislation in Canada, 1922.* (Ottawa: Dept. of Labour. 1923. Pp. 88.)

*Report of the Department of Labour for the fiscal year ending March 31, 1922.* (Ottawa, Canada: Dept of Labour. 1923. Pp. 116. 10c.)

*Statistiques du chômage dans divers pays (1910-1922).* (Paris: Sirey. 1923. 1.50 fr.)

*Twelfth annual report on labour organization in Canada, 1922.* (Ottawa: Dept. of Labour. 1923. Pp. 315.)

*Wirtschaftliches Arbeitnehmer-Jahrbuch.* Band 3 (1923). (Stuttgart: Volkerverlag f. Wirtschaft u. Verkehr. 1923. Pp. 288.)

### Money, Prices, Credit, and Banking

*Foreign Exchange: The Financing Mechanism of International Commerce.* By EDGAR S. FURNISS. (Boston: Houghton Mifflin Company. 1922. Pp. x, 409. \$2.50.)

There are two difficulties faced by the writer of a general treatise on foreign exchange, one of which is pointed out by Professor Allyn A. Young in the introduction to this work. It is to avoid the insertion of so many technical details that only the specialist cares for the volume, and the other extreme of dealing only with general principles to the exclusion of concrete material. The volume is actually a judicious blend of the two. General principles are well developed, particularly in certain chapters, but even in those chapters, as well as in the others, there are many explanations of practice, illustrations of important papers and documents used in foreign exchange dealing, and calculations of actual transactions.

The other difficulty is presented by the unusual conditions that have prevailed since 1914. To analyze the problems in the old way is to give an air of unreality to the treatment and to invite criticisms from those who always insist that the presentation should deal with things as they are rather than as they once were, or as they might be under other conditions. Professor Furniss has chosen the wise course, considering that the war and post-war period have introduced irregularities, but have not altered the general principles that ordinarily rule. The reviewer would have preferred a little more elaboration of the unusual conditions that have for so long faced us and still furnish so many problems, but the author could probably not have come any nearer than he has to giving general satisfaction on this point. The volume is to be heartily approved for all general uses, particularly as a textbook.

In order of arrangement, also, Professor Furniss' treatment is to be commended. Instead of dealing first with general principles, and in

later chapters forcing the facts into agreement with them, he presents concrete material from the outset and continues it through the book, building up his theory with the facts as they are presented. This not only adds to the accuracy, but increases tremendously the interest of the reader. College students will accordingly find the volume especially attractive either as a text or for collateral reading.

To this advantage in arrangement of material may be added the inclusion of numerous documents, all of them, however, brief. This, too, is a gain, as many treatments of foreign exchange have been forbidding because long documents have been included, with little or perhaps no interpretation. Only a few students are capable of reading them intelligently and drawing their own conclusions from them. If Professor Furniss has erred at all in this connection, it has been through including too little documentary material rather than too much, but his choice of forms and specimen letters is an excellent one and his interpretations are clear.

Calculations of exchange dealings are introduced, many comparisons of exchange rates are included, numerous forms of bills have been reproduced, and in the discussion of purchasing power par charts are utilized (p. 59) to show the relationship between exchange quotations and the purchasing power of currency in England, France, Italy, and Germany.

These features are emphasized by the reviewer because they are among the valuable ones in the volume. It is readable, and ought to be very teachable, not only in the college classroom, where a more abstract presentation might perhaps be employed, though not so effectively, but in classes of bank employees and others for whom the theory is just as important, but who are sometimes quickly repelled by generalizations unless preceded by a body of concrete material.

In its treatment of theory there is little to criticize. The events of recent years have given the student food for thought, particularly regarding the activities of governments and central banks and their effects on exchange rates. Cause and effect are probably not what they were in the days of Goschen, but probably the time is not ripe for a thorough restatement of foreign exchange theory. For the present such a revision may be impossible, and in any case it would be inadvisable in a volume of this sort, intended for classroom use. The excellent analyses of pegging the exchanges and of Professor Cassel's theory of purchasing power parity are perhaps as much as can well be introduced.

The treatment is of course largely from the American point of view, but near the end of the volume two chapters are devoted to a description of the London market, with a final chapter on the New

York market, the last section very appropriately discussing the present and probable future of dollar exchange.

ERNEST MINOR PATTERSON,

*University of Pennsylvania.*

*Money, Banking and Exchange in India.* By H. STANLEY JEVONS.  
(Simla, India: Supt. Gov. Central Press. 1922. Pp. ii, 330.  
Appendices, bibliography and index.)

The author of this book, who is professor of economics in the University of Allahabad, states in a preface that it was written "with the object of explaining the intricacies of Indian currency and exchange in language as simple as possible for the enlightenment of the general public." He also hopes that the book may prove of some use to college students beginning their courses in economics. An attempt to combine popular exposition with the satisfaction of textbook requirements results almost inevitably in a lack of coördination as regards both style and subject-matter. Professor Jevons' book is no exception to this generalization, for the treatment is very uneven, ranging from a simple exposition of general principles of money and banking suitable for use in elementary courses in economics to a fairly detailed examination of the vexing problems connected with the working of the gold exchange standard in India. However simplified for popular consumption, such problems are difficult of comprehension by any but the more advanced students of monetary theory and exchange operations.

The subjects dealt with in the opening chapters are sufficiently indicated by the chapter headings entitled, The origin of money, Coins and currency system, Double and single standards, Paper money, The work of a bank, Balance sheet of a bank. The treatment of all these topics is along orthodox lines and calls for no particular comment.

Chapter 7, The growth of banking, gives a brief account of the rise of banking in India and the position occupied by the existing joint stock, private and exchange banks. Unfortunately, as Professor Jevons states in the preface, the amalgamation of the Presidency banks into the Imperial Bank of India did not occur until the book had gone to the printer. Hence it was only possible to give in outline the main provisions of the act of 1920 which created the Imperial Bank.

The next two chapters, on inland remittance and foreign exchange, also apply specifically to India, although they can be made to serve the general purposes of classroom exposition. Toward the end of the chapter on inland remittance, the seasonal movement of funds in India is disposed of in three pages. A more detailed discussion of currency movements would have added greatly to the interest of the discussion.



The remaining nine chapters are devoted to an account of the establishment of the gold exchange standard in India, to a recital of changes occurring during and after the war, and to an examination of the rise of prices, and the causes of that rise. The findings and recommendations of the various committees that investigated the workings of the Indian currency system in 1893, 1898, 1913-1914, and 1919 are also clearly set forth with accompanying explanatory comment. This section of the book will prove highly useful to the average reader wishing to understand the working of the Indian currency system and the reasons for the changes introduced. The reader will, however, feel the lack of any critical analysis of the policies adopted by the government. Given the undeniably strong opposition, for example, found in certain quarters to governmental methods of exchange control, to the way in which the various funds have been administered, etc., more space might have been profitably devoted to examining these complaints and testing their validity. It is true that in a concluding chapter, entitled *Some popular fallacies*, the government is defended against the charge of profiting at the expense of the country by means of its currency and exchange operations. The defense, however, is merely an assertion that any profits received by exchange operations form part of the revenue of the Empire and to that extent lighten the burden of taxation. In this same chapter, the government policy of high exchange as embodied in the legislation of 1920, designed to raise rupee exchange to 2s in terms of gold, is also upheld or, at any rate, an attempt is made to show that the injurious effects of a high exchange policy are only transitional, and a permanently higher exchange rate may be attained by a process of currency contraction. In the opinion of the reviewer there is a disposition to minimize the incidental industrial losses and to postulate an easier and speedier adjustment between internal prices and higher exchange rates than is actually possible. It will be remembered that the 2s rate was recommended at a time when the high price of silver had raised the value of the rupee far above the point at which melting became profitable with the rupee valued at 1\40. With adverse trade balances, and consequent fall in the exchanges, the attainment of the higher exchange rate was no longer immediately possible.

The text is followed by several appendices of which the most important is a selected bibliography of books relating to Indian finance, including a few general texts on money and exchange and Indian official publications. Accessibility to Indian students probably determined the selection of the few English periodicals listed.

ANNA YOUNGMAN.

## NEW BOOKS

AMBEDKAR, B. R. *The problem of the rupee. Its origin and its solution.* (London: King. 1923. 12s. 6d.)

BASTIAN, E. *Lexikon des Geld-, Bank- und Börsenwesens.* (Stuttgart: Muth. 1922.)

BIRKS, H. W. *The joint stock and private banks of London.* (London: Effingham Wilson. 1923. 1s. 6d.)

BOYLE, J. E. *Chicago wheat prices for eighty-one years: daily, monthly and yearly fluctuations and their causes.* (Ithaca, N. Y.: Author, Cornell Univ. 1922. Pp. 71.)

This exhibits by charts the prices of wheat in Chicago from 1841-1921; of service to those who are interested in the effect of future trading.

CAILLEZ, M. *L'organisation du crédit au commerce extérieur en France et à l'étranger.* (Paris: Lib. Général de Droit et de Jurisprudence. 1923. Pp. 376. 20 fr.)

COOPER, O. *How the banks serve business.* (New York: Alexander Hamilton Inst. 1922. Pp. 28.)

DÖRING, H. *Die Geldtheorien seit Knapp. Ein dogmenhistorischer Versuch.* Second enlarged edition. (Greifswald: Ratsbuchhandlung L. Bamberg. 1922. Pp. viii, 281.)

ESLEVIN, V. *Le marché de l'argent, les fluctuations des cours de 1915 à 1922, leurs conséquences monétaires.* (Paris: Recueil Sirey. 1922. 15 fr.)

EVANS, S. *The monetary policy of South Africa.* (Johannesburg, S. Africa: Author, Chairman of Crown Mines, Ltd. 1922. Pp. 11, 12.)

FISCHER, C. A. *Vom Staatsbankrott.* A second, much-altered edition. (Karlsruhe: Braun. 1922. Pp. 141.)

FISHER, I. *Stabilizing the dollar.* (New York: Macmillan. 1923. Pp. 112.)

Reprinted from *The Stabilization of Business*, edited by L. D. Edie.

GEILER, K. *Die Geldenwertung als Gesetzgebungsproblem des Privatrechts, zugleich ein Vorschlag auf Einführung der Neumark.* (Mannheim: Bensheimer. 1922.)

GUESDON, V. *Les caisses d'allocations familiales, leur mouvement de création et d'extension.* (Paris: La Vie Universitaire. 1922. 15 fr.)

HANNAFORD, C. F. *Cheques.* (London: Pitman. 1923. 6s.)

HEYMANN, H. *Die Völkerbank.* (Berlin: Rowohlt. 1922. Pp. 61.)

KAVANAUGH, T. J. *Bank credit methods and practice.* Second edition. (New York: Bankers Pub. Co. 1922. Pp. 241.)

Contains chapters on essentials of a credit risk, foreign credits, commercial paper, and trade acceptances, bankers' acceptances, theory and importance of statement analysis, and credit department methods. The author successfully endeavors to present the treatment in simple and non-technical language. Illustrations and forms in regard to credit analysis will aid the student.

KERSCHAGL, R. *Die Lehre vom Gelde in der Wirtschaft. Universalismus und Individualismus in der Entwicklung der Geldtheorie.* (Vienna: Manz. 1922. 100 fr.)

\_\_\_\_\_. *Theorie des Geldes und der Geldwirtschaft.* (Jena: Fischer. 1923.)

KILIANI, R. *Die Grossbanken-Entwicklung in Holland und die Mittel-europäische Wirtschaft.* Second, newly revised edition. (Leipzig: Felix Meiner. 1923. Pp. 62.)

LEDERER, C. *Metallgeld oder Zeichengeld.* (Munich: J. Schweitzer Verlag. 1923. Pp. 53.)

LEHFELDT, R. A. *Restoration of the world's currencies.* (London: King. 1923. 6s.)

LEHNER, A. *Was wird nach der Mark-Stabilisierung?* (Berlin: Verlag für Politik und Wirtschaft. 1922. Pp. 15.)

MAGEE, J. D. *Materials for the study of banking.* (New York: Prentice-Hall. 1923. Pp. xii, 769.)

This is a valuable source-book of material for students of banking. It is "frankly patterned after Professor Charles W. Gerstenberg's *Materials of Corporation Finance*." Each chapter has a brief syllabus, followed by materials, problems, and short bibliographical lists. Many of the extracts are taken from government publications, as the reports of the Comptroller of the Currency, the *Federal Reserve Bulletin*, and the *Monthly Review of the Federal Reserve Bank of New York*. The Federal Reserve act amended is reprinted. The extracts as a rule are several pages in length, thus giving substance and significance to the material. Facsimile forms of checks, drafts, and other negotiable instruments are included.

Among the chapter headings are negotiable instruments, credit analysis, deposits and loans, note brokerage and acceptances, clearing, check collections, bank organization and management, savings banks, trust companies, government regulations of banking in the United States to 1860, the national banking system, state regulation of banking illustrated by New York, European banking, the Canadian banking system, federal reserve system, coöperative and agricultural credit, financing foreign trade, and cattle loan and automobile financing companies.

Little attention is given to theoretical discussion, or to defects in the present banking system and possible remedies; but the volume will be of great service for an intelligent understanding of current banking institutions and credit practice.

MARSHALL, A. *Money credit and commerce.* (London and New York: Macmillan. 1923. Pp. xv, 369. 10s.)

MARTIN, G. *Banques régionales et banques locales.* (Paris: Editions de la France Economique et Financière. 1923. Pp. 85. 3.75 fr.)

MINTY, L. LEM. *American banking methods.* (London: King. 1923. 12s. 6d.)

PALMER, A. R. *Finance.* (London: G. Bell & Sons, Portugal St., W. C. 2. 5s.)

PRESTON, H. H. *History of banking in Iowa.* (Iowa City, Ia.: State Historical Soc. 1922. Pp. xiii, 458. \$2.)

The scope of this book is larger than its title would indicate. In fact, the author conceives the term "banking" to include not only commercial banks, but "savings banks, fiduciary institutions, investment banks of various classes, farm mortgage companies, industrial loan institutions, and

various other special types of financial institutions." The volume contains chapters on all these subjects under one title or another. The last chapter contains a history of the Iowa Bankers Association. A unique feature of this history is the chapter on the bank and the community, in which the author studies the functions of a bank in a somewhat unusual way. This chapter is largely a study of the services of the bankers of the state and brings out the many ways in which the prominent men in this industry have been the leaders not only in financial matters, but in social affairs as well. In fact, the author emphasizes the "community services" of the bankers as well as the financial services. Thus he says: "The Iowa Bankers Association has supported the movement for consolidated schools and has coöperated with the Superintendent of Public Instruction to secure sound legislation for this purpose. Individual bankers will be found active on local schools boards, library boards, chautauqua committees, and other agencies for educational betterment."

The author is of the opinion that the distinctive feature in the banking situation of Iowa at present is the large number of banks in the state. This is due to the high per capita wealth, to the patronage of practically all the members of the community, to the large volume of "rural business tributary to the small towns, and to the ability of the small towns to support banks." The result of this situation is that competition in the banking business is very keen. For the most part "it is clean competition and brings to the communities the maximum of service from the banks." It appears from the author's discussion that banking in Iowa ran the same course as in other states, and there was the usual round of wild-cat banks, popular opposition to banking, prohibition of banking, with order gradually appearing with the establishment of the National Banking System. Iowa was fortunate in her experience with state banking. The institution managed to keep out of politics, and therein lay the chief reason for its success. At the present time, the banking system of the state has become widely specialized to serve the varied financial needs of the community.

ISAAC LIPPINCOTT.

RAU, B. R. *Present day banking in India.* (Calcutta: Univ. of Calcutta. 1922.)

ROSS, V. *A history of the Canadian Bank of Commerce, with an account of the other banks which now form part of its organization.* Vol. II. (Toronto: Oxford Univ. Press. 1922. Pp. xviii, 595.)

In the December, 1921, number of the REVIEW (vol. 11, p. 708) there is a brief note in regard to the issue of volume I. This second volume is devoted more exclusively to the history of the Canadian Bank of Commerce. The first chapter begins with 1850 and contains an account of the introduction of free banking into Canada, the railway expansion and speculation of 1852-1857, the depression of that period, and the founding of the Canadian Bank of Commerce in 1866. Successive chapters deal with the subsequent history of the bank, the establishment of a branch in the Yukon territory, and the legislative development of the Canadian bank system. The latter chapter is of special interest at the present time owing to the revision of the Banking act which is now taking place. The volume concludes with statistical tables and diagrams relating to the growth of the bank, and a very complete index. As in the first volume, there are many illustrations, maps, charts and facsimiles of notes and

currency. The two volumes together provide a history of banking in Canada. Many persons collaborated in the preparation of this study; among them, Dr. O. D. Skelton, of Queen's University, Dr. C. W. Colby, of McGill University, and Dr. Adam Shortt.

ROZUMEK, P. *Das Kreditgeschäft im Bankbetriebe*. Fifth edition. (Berlin: C. Flemming & C. T. Wiskott. 1923. Pp. 434.)

RUEFF, J. *Le change, phénomène naturel*. (Paris: L'Opinion, 4 Rue Chauveau-Lagarde. 1923. Pp. 16.)

SCHIELE, W. *Naturwissenschaft vom Gelde*. (Leipzig: Reichenbachsche Verlagsbuchhdlg. Hans Wehner. 1922. Pp. iv, 204.)

SCHMALENBACH, E. *Goldmarkbilanz*. Second edition. (Berlin: Julius Springer. 1923. Pp. iv, 56.)

SCHMIDT-ESSEN, A. *Währungsfragen der Gegenwart. Gesammelte Aufsätze*. (Jena: Fischer. 1922. Pp. vii, 174.)

SCHUSTER, F. *The Bank of England and the state: a lecture delivered on November 14, 1905*. Second edition. (London and New York: Longmans, Green. 1923. 3s.)

SCHWIEDLAND, E. *Geld und Währung*. Second edition. (Stuttgart: Verlag von W. Kohlhammer. 1923. Pp. 46.)

SMELLIE, W. *A paper on money in support of bi-metallism*. (Liverpool: Charles Birchall. 1923.)

STROWBRIDGE, J. W. *Farm and terminal market prices: wheat, corn, and oats, crop movement year 1920-1921*. U. S. Dept of Agriculture, bull. 1083. (Washington: Gov. Prtg. Office. 1923. 10c.)

TRISCA, P. *Le chèque. Son internationalisation et son risque professionnel*. (Paris: Giard. 1923. Pp. 290.)

WARD, R. A. *The bank agricultural department*. (New York: Bankers Pub. Co. 1923. Pp. vi, 137.)

A brief but interesting account of ways by which banks coöperate with farmers in furnishing information and improved equipment, and in stimulating more progressive methods in agriculture.

WESTON, W. J. *Banking and currency*. (London: Clive. 1922. Pp. 330.)

WOLF, H. and KURT, P. *Das Geldkapital der Industrie*. (Berlin: Verlag des Berliner Börsen-Courier. 1922. Pp. 111.)

WRIGHT, I. *Farm mortgage financing*. (New York: McGraw-Hill Book Co. 1923. Pp. viii, 343. \$3.)

This is the author's second book on farm credit and, as the title indicates, is confined to farm mortgages, or long-time farm credit; the former dealt with short-time farm credit. It opens with a discussion of the development of the American farm mortgage system and the factors affecting prices of land—as tariff, population, transportation, and value of farm products. To show the relation between value of farm products and land values, the author uses as he states, for lack of a better medium, land values and corn values over a series of years.

With reference to forced liquidation of farmers, the author holds that "all such catastrophes can be avoided. . . . by a simple, sensible method



of financing agriculture with the long-time credit it needs." In dealing with the subject of farm mortgages in the United States he notes that few tenants have taken advantage of the federal farm loan system, also that, in the long run, increased agricultural production will benefit the farmer by enabling him to buy more cheaply through reduction of cost of labor in manufacturing enterprises.

A comparison between land mortgage conditions in Europe and the United States is made and the weakness of the old land credit system in the United States pointed out. Considerable space is given to a discussion of the outstanding features of the Federal Farm Loan act, the rulings made by the Federal Farm Loan Board, and the development of the system. One chapter each is devoted to the part that private land mortgage banks, insurance companies, national banks, and state banks have played in the development of the farm mortgage system in the United States, and the advantages and difficulties under which these various agencies have operated. Another chapter is devoted to a brief review of the function of trust companies and trustees, and the restrictions under which the latter operate. The legal aspect of farm mortgages is presented and some court decisions are cited.

The injustice of taxing both land and the mortgage is shown; also the difficulties of rectifying this. The arguments for and against tax exemption of the bonds of the federal farm land banks are listed. The author states that in the long run farmers will not benefit from tax exemption of farm mortgage bonds and he is opposed to tax exemption of all special securities. The reasons why farm mortgages meet the requirements of careful investors are cited, and the particular advantages of the federal farm loan bonds are emphasized.

Chapter 14, on the economic valuation of land in the United States and England, gives the various factors entering into such valuation, and the following chapter treats of valuing land under the rights of eminent domain. Both of these chapters contain valuable contributions. The discussion of valuing farm lands under the federal farm loan system gives the methods used and the special problems confronting appraisers in the various bank districts; for example, in New England, scenery and historical features greatly affect value and salability. The last chapter (27) takes up in a stimulating manner the factors affecting price of agricultural land. Several quotations from Alfred Marshall and John Stuart Mill are given in support of the author's presentation.

The bibliography contains an extended list of references, many of which are from German and French sources. Two parts of the appendices in particular merit mention—a lengthy review of land title registration in the United States and an outline of the Federal Farm Loan act of March 3, 1923. The author in this work has brought together much valuable information bearing on land mortgage credit in the United States, and the book will prove of value to students of the subject.

A. H. BENTON.

*Annual report of the Comptroller of the Currency to the third session of the Sixty-seventh Congress of the United States.* (Washington: Gov. Prtg. Office. 1922. 75c.)

*The Canadian Bank of Commerce, year book, 1922.* Vol. III. (Toronto: Canadian Bank of Commerce. 1923.)

*Chart of money and discount rates in London during the year 1922.* (London: Page and Gwyther. 1923.)

*Proceedings of the Arizona Bankers' Association.* Vol. XVI, 1922. (Tucson, Ariz.: C. F. Solomon, Pres., Arizona Bankers' Assoc. 1923. Pp. 133.)

## Public Finance, Taxation, and Tariff

### NEW BOOKS

ABEL, J. F. *School funds. State aid to weak schools.* Rural school leaflet 7, Sept., 1922. (Washington: U. S. Bureau of Education. 1922. Pp. 12.)

ANGAS, L. L. B. *Germany and her debts. A critical examination of the reparation problem.* (London: Harry J. Simonds. 1923. 6s.)

BUTZE, F. *Praktische Steuerkunde.* (Leipzig: Max Gehlen. 1922.)

CARANO-DONVITO, G. *Lezioni di scienza delle finanze.* (Palermo: O. Fiorenza. 1923.)

DAWES, C. G. *The first year of the budget of the United States.* (New York: Harper. 1923. Pp. x, 436. \$6.)

DELEMER, A. *Le bilan de l'étatisme.* (Paris: Payot. 1922. 10 fr.)

FOIGNET, R. and DUPONT, E. *Manuel élémentaire de législation financière.* (Paris: Rousseau. 1923. 12 fr.)

GEILER, K. *Das neue Körperschaftssteuergesetz.* (Mannheim: J. Bensheimer. 1923. Pp. xx, 383.)

GIBLIN, J. V. *Practical federal income tax procedure.* Fifth edition, revised Feb., 1923. (Boston: Seaver-Howland Press. 1923. Pp. 177. \$6.)

DE KOCK, M. H. *An analysis of the finances of the Union of South Africa.* (Cape Town, So. Africa: Juta & Co. 1922.)

LATHROP, E. A. *School funds: legislation affecting consolidation.* Rural school leaflet 5, Aug., 1922. (Washington: U. S. Bureau of Education. 1922. Pp. 4.)

LESCURE, J. *Le problème des réparations: comment le résoudre.* (Paris: Plon. 1922. Pp. 30. 3 fr.)

MAGNI, E. *La pressione delle imposte dirette in Italia.* (Roma: Athenaeum. 1921. Pp. 103. 4 l.)

MANCHESTER, O. L. *Taxation in Illinois.* (Springfield, Ill.: Illinois State Teachers' Assoc. 1922. Pp. 62.)

OGAWA, G. *Expenditures of the Russo-Japanese War.* Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xvi, 257. \$2.50.)

ONO, G. *Expenditures of the Sino-Japanese War.* Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xiv, 330. \$2.25.)

- . *War and armament expenditures of Japan*. Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xviii, 314. \$2.25.)
- PALMER, H. R. *Finance*. Bell's handbooks of commerce and finance, vol. I. (London: Bell. 1922. 5s.)
- PISSEL, L. *Die Einkommensteuer vom Arbeitslohn unter Berücksichtigung des Gesetzes vom 20. VII. 1922*. (Munich: J. Schweitzer Verlag. 1922. Pp. 127.)
- SNELLING, W. E. *Dictionary of income tax and super-tax practice*. Fifth edition. (New York: Pitman. 1923. Pp. 27 + 578. \$8.)
- TAUSSIG, F. W. *The tariff history of the United States*. Seventh edition, revised and enlarged. (New York: Putnam. 1923. Pp. xi, 499.)  
This edition, the seventh, of a standard work has been brought to date by a chapter on the Tariff act of 1922. The text of earlier chapters has also been revised.
- Annual report of the comptroller of New York state for the year ended June 30, 1922*. (Albany: State Comptroller. 1922. Pp. 56.)
- Custom House guide and United States customs tariff*. (New York: Brokers' Room, Custom House. 1923. \$5.)
- The income-tax and the individual*. Revised to January 1, 1923. (Montreal: Royal Trust Co. 1923.)
- The tax rates of Illinois cities in 1921*. Bureau of Business Research, bull. no. 3. (Urbana, Ill.: Univ. of Illinois, Bureau of Business Research. 1923. Pp. 16.)
- United States income and war tax guide, 1923, based on 1921 laws and 1922 regulations*. (New York: Halsey, Stuart & Co., 14 Wall St. 1923. Pp. 127.)
- Verzeichnis der Finanzämter des Deutschen Reichs. Stand vom März 1922*. (Berlin: Reichsdruckerei. 1922. Pp. 60.)

## Population and Migration

### NEW BOOKS

- CORDOVA, A. *Gli aspetti presenti e futuri dell' emigrazione*. (Turin: S. Lattes & C. 1923. 5 l.)
- DAVIS, J. *The Russians and Ruthenians in America: bolsheviks or brothers?* Racial studies, New American series, vol. 3. (New York: George H. Doran Co. 1922. Pp. xiv, 155.)
- . *The Russian immigrant*. (New York: Macmillan Co. 1922. Pp. xv, 219. \$1.50.)

The relationship between these two books is not entirely clear. Apparently *The Russians and Ruthenians* was published a few months earlier than *The Russian Immigrant*, and the latter is a somewhat amplified and "footnoted" volume. Unfortunately the preface to this apparently later volume makes no reference to the earlier book. The same sources of information have been used for both volumes, and these are de-

scribed in some detail in the two prefaces. These sources are, in addition to published material on the subject, some unpublished material obtained from a Chicago master's thesis and from such organizations as the Foreign Language Information Service, the Inter-Racial Council, and, finally, a field investigation made by the writer, who undertook "to visit the chief city of each district of the Russian Greek Orthodox Church in America." The reviewer is somewhat at a loss to understand why two books were published. *The Russian Immigrant* is the better book, but the material is so nearly identical with that in the earlier volume that it is not easy to understand why a rewriting within a few months was thought necessary. The material is somewhat differently arranged in the two books. Thus, translated quotations from Russki Golos and Russkoye Slovo are found in the conclusion (pp. 182-184) in *The Russian Immigrant*, whereas in *The Russians and Ruthenians* the same quotations appear in a chapter on Educational forces (pp. 62-64). The same quotations from Dean Pound, Judge Thompson and the Polulech and Layrowsky cases are found in a chapter in the earlier book on Relations with the American people (pp. 122-23) and in *The Russian Immigrant* in a chapter on Relations to our government (pp. 165-67). The writer's experience in the Lawrence strike is detailed in the same words on page 158 of the later and page 120 of the former. The same quotations from *Justice and the Poor* appear under the heading Arrests during strikes in the first book and under Courts in the second. Mr. George Creel, a Russian priest in Cleveland, and Commissioner Sibray are quoted in the chapter on Educational forces in the first book (p. 67), and the same quotations are used in Organized social forces (p. 108), in the second. An income tax letter from the Foreign Language Information Service is given on pages 116-17 of the first and page 155 of the second, and so on. There is a much more detailed account of the Russian press in the later book (pp. 123-142).

As regards the longer and apparently the later volume, it should be said that *The Russian Immigrant* is an interesting and useful sociological study of Russian America. It does not deal with the general subject of immigration from Russia. It deals only with the "real Russians," that is, the Russian Slavs, Great Russians, White Russians, and Little Russians. The study does not include the minority races of old or new Russia, such as the Jews, Poles, Finns, Letts, or Lithuanians.

The author, who speaks and reads Russian, personally visited a large number of the Russian communities in this country, interviewing Russian priests, editors of Russian papers, various types of Russian immigrants as well as employers of Russian labor, social workers in contact with Russian immigrants, etc. His attitude toward the immigrants is sympathetic throughout, and he assembles numerous cases of suffering and injustice which they have endured. As in most studies of special immigrant groups, the facts collected do not for the most part relate to the one special group but to all recent immigrants, and even as regards housing and working conditions in many places, to all workers, native born as well as immigrant.

The chapter on the Russian Greek Orthodox Church in America and its relation to the Russian immigrant is especially interesting and informing. The book also contains a brief appendical chapter of interest, entitled The social impress of an autocracy, designed to help the reader

understand the social attitudes which the Russian immigrant brings with him. The book would have been more useful to many readers, if the writer had dealt more fully with the subject of emigration conditions in Russia.

EDITH ABBOTT.

JOHNSON, J. E., compiler. *Selected articles on the negro problem*. The handbook series. (New York: H. W. Wilson Co. 1921. Pp. xxxvii, 370. \$2.25.)

This compilation is intended, as the explanatory note says, to be "an interpretation of the leading aspects of the negro problem of today." The compiler has aimed at impartiality toward all views.

Of the making of scrap books there is no end. They are undoubtedly useful to teachers of economics, sociology and law, to debaters, and sometimes to the general reader. This one is unusually well organized, has a good bibliography of popular literature, and is not unwieldy in size. The content of such a book must be judged from the pedagogical rather than from the scientific point of view. The negro problem is primarily one of fact. It will not be solved or even greatly mitigated through a study of conflicting opinions, however impartially they may be presented. The compiler has overlooked one phase of opinion in her selections, perhaps unavoidable. The selections from southern writers are mainly from men like Sutton, Murphy, and Kessler, who see the race question in an enlightened way. The great mass of ignorant prejudice, both northern and southern, against the negro is scarcely represented, although it constitutes one of the most important factors in the whole problem. Fact and opinion are mingled in the selections, but the grains of fact have to be sought in the chaff of opinion. As a sampling of opinion, the book is, with the exception noted, adequate, but to a scientific, factual study of the negro problem it contributes little. Handled with discretion, it will, however, be found a useful book for classes making a survey study of the negro problem.

A. B. WOLFE.

KEMPSKI, DR. *Niederländisch-Indien als Auswanderungsziel mit besonderer Berücksichtigung der indischen Landwirtschaft*. (Hamburg: Verlagsbuchhdlg. Broschek & Co. 1922. Pp. 20.)

LAUGHLIN, H. H. *Eugenical sterilization in the United States*. (Chicago: Psychopathic Laboratory of the Municipal Court. 1922. Pp. xxiii, 502.)

PHELPS, E. M., compiler. *Selected articles on immigration*. The handbook series. (New York: H. W. Wilson Co. 1921. Pp. xi, 370. \$1.80.)

The book is divided into two parts, one dealing with immigration in general, the other with Asiatic immigration. Each part is arranged in the order of brief, bibliography, general discussion, affirmative discussion, and negative discussion. The bibliographies are made up largely from references to popular periodicals. Considering the use to which such a book is likely to be put, this is probably justifiable. On the whole the selections are well chosen, although more space perhaps is given to the history of immigration than is essential.

A. B. WOLFE.

RIVERS, W. H. R. *Essays on the depopulation of Melanesia*. (Cambridge, Eng.: The University Press. 1922. Pp. 116.)



SADLER, W. S. *Race decadence*. (Chicago: A. C. MacClurg. 1922. Pp. 421.)

WARD, R. de C. *Our immigration problem today*. (Boston: Immigration Restriction League, P. O. Box 2321. 1923. Pp. 12. 10c.)

## Social Problems and Reforms

### NEW BOOKS

BINGHAM, W. V. *Psychology applied*. The Scientific Monthly, February, 1923. (Utica, N. Y.: The Science Press. 1923. 50c.)

In an intimate and interesting way Dr. Bingham presents the history of applied psychology at the Carnegie Institute of Technology. The uses of psychology in the four colleges of this institution "grouped themselves around the outstanding problems of selection of students for admission, vocational and educational guidance, and placement at graduation, together with helping to give an insight into human nature to all students whose career would require ability in understanding and controlling people." The story which follows, of the personnel, its problems and accomplishments, is an effective appeal for a virile psychotechnology. These pages give a live meaning to the author's concluding statement that "a vast field of promise lies open to any institution which sets out upon similar adventures in the realm of psychology applied."

C. L. S.

BRIGHAM, C. C. *A study of American intelligence*. (Princeton, N. J.: Princeton Univ. Press. 1923. Pp. xxv, 210. \$3.50.)

The tests given to nearly two million soldiers of the American army in the recent war have given psychologists and statisticians a wealth of material with which to illuminate us on many problems of mentality. One of the most salient of these problems is the nature of our immigration. Dr. Brigham points out that since 1890 there has been a relative decrease in the Nordic immigration and a relative increase in the Alpine and Mediterranean types; that an accurate study of the army data shows that "the representatives of the Alpine and Mediterranean races in our immigration are intellectually inferior to the representatives of the Nordic race"; that "we are getting progressively lower and lower types from each nativity group or race"; and that "we favor in our immigration law those countries 35 per cent of whose representatives here are below the average negro." "According to all evidence available, American intelligence is declining, and will proceed with an accelerating rate as the racial admixture becomes more and more extensive. . . . The really important steps are those looking toward the prevention of the continued propagation of defective strains in the present population, for even if all immigration were stopped now, the decline of American intelligence would still be inevitable."

The first part of the book gives a presentation of the various army tests, their nature and reliability. The remainder of the book deals with the problems referred to above. The entire volume is written with unusual clarity, and is profusely illustrated with perfectly intelligible tables and graphs.

CHARLES LEONARD STONE.

CANNON, I. M. *Social work in hospitals; a contribution to progressive medicine.* New and revised edition. (New York: Russell Sage Foundation. Pp. xiii, 247. \$1.50.)

CUBBERLEY, E. P. *A brief history of education.* (Boston: Houghton Mifflin. 1922. Pp. 462.)

FAY, C. N. *Too much government, too much taxation.* (Garden City, N. Y.: Doubleday, Page. 1923. Pp. xix, 416. \$2.50.)

Belongs more particularly to the field of political science. The title indicates the purpose of the book. Chapters deal with government meddling with big business, and government attitude toward labor. The Interstate Commerce Commission, Federal Trade Commission, and Railroad Labor Board are regarded as useless commissions. New canons of taxation are needed to take the place of our present complicated system.

FISK, E. L. *Health building and life extension. A discussion of the means by which the health span, the work span and the life span of man can be extended.* (New York: Macmillan. 1923. Pp. xvi, 521. \$3.50.)

HADLEY, A. T. *Economic problems of democracy.* (New York: Macmillan Co. 1923. Pp. vi, 162. \$1.50.)

In arranging the delivery and subsequent publication of this first course of lectures from the Watson chair, the Anglo-American Society has rendered a distinct service to both nations. President Hadley's studies of the working of modern democracy are marked by that ripe and rare wisdom which comes from the understanding of life as well as theory. He sees the problems of economic freedom, industrial and political combination, class consciousness and its effects, as essentially dynamic; and the fact renders his treatment of economic institutions as stimulating as his reading of history.

The book is studded with epigrammatic dicta whose full implications are liable to be missed on a first reading on account of its ease and clarity of style. Its general thesis is indicated in such passages as the following: "Our fundamental problem, as leaders of democracy, is to make people see what really is their duty under modern conditions, instead of letting them think they are doing their duty in applying yesterday's ideals of morals and of law to the business of today." As President Hadley sees it, this task involves the education of certain economic classes along lines which he does not hesitate to specify. So far as labor solidarity rests on the assumption that labor is what creates value, there is work for the economist. The dogma of the fixity of inviolability of property right President Hadley regards as both pragmatically and historically false; while of the policy of commercial isolation as embodied in the Fordney tariff he remarks: "If other democracies follow the lead of the United States in trying to produce everything within their own borders and in using the tariff as a defensive weapon to make this possible, we shall see the overthrow of nearly everything that was accomplished during the earlier part of the nineteenth century to bring nations closer together."

The attainment under modern conditions of a safe and successful working democracy—which these lectures clearly show to be an open question—thus rests primarily upon the education of the mass of voters; and of the confusion of means with ends which vitiates so large a part of

present-day American methods Dr. Hadley speaks both plainly and constructively. To those concerned more especially with the study of society this book will come as a reminder that their science—whether they will or no—is essentially purposive, and that it has work of vital importance and no small difficulty still to accomplish.

WILLIAM ORTON.

JACKSON, H. E. *Robinson Crusoe, social engineer.* (New York: Putnam. 1922. Pp. x, 297. \$3.)

"The aim of this book is to state, in popular and picturesque fashion, what the discovery of a community of interest would mean to modern industry. The author believes that a policy built on this discovery is the path to industrial peace, and that there is no other. He also believes that this principle has the creative power to build a New Industrial America" (pp. vii-viii). "The reason why Robinson Crusoe had no labor troubles after Friday came, was because his attitude toward him was determined by the theory of duties; the sense of responsibility for for his personal development" (p. 265). Author is president of the National Community Board.

JONES, R. *The American standard of living and world coöperation.* (Boston: Cornhill Co. 1923. Pp. xviii, 329. \$3.)

Regarded well-nigh as an idol, the American standard of living thrills the imagination of most of us. True, up to the present, it has had as little rational inspection as any other idol; nevertheless many practical issues touching the interests of every member of a commonwealth are determined by it. The standard of living has become the catchword by which every American, whether statesman, employer, or working-man, believes he can test the merits of any program of economic or political action. It is disappointing therefore that this book is no contribution to a field where there is so much interest and so much to be done.

The author's announced purpose (page 7) is to show how legislation aimed to maintain and raise the standard of living has affected our international relations through our immigration laws and protective tariff policy, for instance. In the last two chapters the author dwells on the interdependence of national standards of living and the impossibility of national isolation, closing with a plea for international coöperation to replace the "mere nationalism" engendered by the war.

Usage controls the sixteen chapters of the volume. The author, evidently a novice in "political economics," as it is called at one point, follows a regrettably general custom which omits the qualitative measure in rating standards of living as high or low. Yet if there is any hope for a clear statement of a given standard, American or any other, this hope derives from the use of the quantity and cost method, according to which specially trained persons adopt a level of living, analyze it into the details that custom has affixed to that level and then reduce the standard so accepted to lists of commodities and services. Fundamentals that need analysis are left unrevised; where more facts are wanted, those already collected are only given in part and as an act of supererogation; neither résumé, additional data, nor logical analysis appear. Statistics seem to be a new and awe-inspiring field of enterprise to the author, who warns the reader "impatient of scientific conclusions" that he may leave unread chapter 2, containing a planless selection from among the studies of working-class expendi-

tures since Petty. As further instance of poor method and unsteady point of view, we find it stated that "all economic arguments resolve themselves into the fundamental principles that if a people prosper economically then automatically its standards are changed and raised" (p. 297). This, although throughout the book the argument in general moves upon the hypothesis that only as the standard of living changes and rises does a people prosper.

There is undoubted earnestness of purpose in the book. A careful annotation demonstrates industry, as does also a lengthy bibliography and a good index. But neither sound method nor thoroughness controlled the choice or presentation of the titles named in the bibliography and muddled commentary plus a ludicrously faulty style discredit the whole work. The specialist will find all that is contained here in volumes he already knows.

JESSICA B. PEIXOTTO.

KAUFFMAN, T. E. and FURNEY, O. *The organization and teaching of industrial and homemaking subjects in part-time or continuation schools* (Albany, N. Y.: C. F. Williams & Son. 1922. Pp. 45. 80c.)

LINK, H. C. *Education and industry*. (New York: Macmillan. 1922. Pp. xv, 265. \$2.)

So accurate a writer as Mr. Link makes his own summary: "To evaluate past educational activities for the future presupposes practical experience on the part of the person who makes the attempt. It is because I have limited myself to those phases of the subject in which I have had actual experience that this book fails to treat every aspect of industrial education in which educators might be interested. Within these bounds I have not hesitated to avail myself of the experience of others."

Mr. Link's book is not one that lends itself to easy summary. For the subject in hand, he has performed the same function that he performed in his equally valuable work on the psychology of employment. Here, again, the text is a compact weaving together of fact and principle; much and varied experience is drawn on. Chapter headings indicate the scope of the book: Industrial motion pictures; Americanization; General education—the responsibility of the community education versus propaganda as an educational force; General education—the responsibility of industry; Vocational guidance and industrial education; The vestibule school; Trade schools; Training of executives; The education of foremen and departmental heads; The educational significance of works councils; Sub-normal workers in industry; The training of salesmen; The basis of industrial education.

Mr. Link has indexed this volume well, and a feature of each chapter is a succinct summary of the main points made. As a textbook, as a reference book, as a guide to principle and tested practice, the volume is admirable.

W. L. STODDARD.

MCLEAN, F. H. *The organization of family social work societies in smaller cities*. (New York: Am. Assoc. for Organizing Family Social Work, 130 East 22nd St.)

MERRITT, W. G. *The struggle for industrial liberty*. (New York: League for Industrial Rights, 42 Broadway. 1922. Pp. 98.)

- NEILSON, F. *Duty to civilization*. (New York: Huebsch. 1923. Pp. 136. \$1.)
- O'LEARY, I. P. *Department store occupations*. (Cleveland, O.: Cleveland Education Survey. 1916. Pp. 127. 35c.)
- PLATT, C. *The psychological basis for social endeavor*. (Philadelphia: Municipal Court of Phila. 1922.)
- . *The psychology of social life*. (New York: Dodd, Mead & Co. 1922. Pp. 284.)
- SCHMECKEBIER, L. F. *The Public Health Service: its history, activities and organization*. Institute for Government Research, Service monographs, no. 10. (Baltimore: Johns Hopkins Press. 1923. Pp. xiii, 157. \$1.)
- SMITH, D. H. *The Bureau of Education: its history, activities and organization*. Institute for Government Research, Service monographs, no. 14. (Baltimore: Johns Hopkins Press. 1923. Pp. xiii, 157. \$1.)
- . *The office of the supervising architect of the Treasury: its history, activities and organization*. Institute for Government Research, Service monographs, no. 23. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 138. \$1.)
- STEVENS, B. M. *Boys and girls in commercial work*. (Cleveland, O.: Cleveland Education Survey. 1916. Pp. 181. 35c.)
- ST, S. G. *The Chinese family system*. (New York: International Press. 1922. Pp. 112. \$2.)
- SWIGGETT, G. L. *Business education*. Commercial education leaflet no. 2. (Washington: Gov. Prtg. Office. 1922. Pp. 14. 5c.)
- WISSLER, C. *Man and culture*. (New York: Crowell. 1923. Pp. xi, 371. \$2.75.)
- Part I, The meaning of culture; part II, The form and content of culture; part III, The relation of culture to man. Author is curator-in-chief, division of anthropology, American Museum of Natural History, New York. The object is to "interpret the concrete data of anthropological research rather than to develop new lines of inquiry."
- WEBER, G. A. *The Women's Bureau: its history, activities and organization*. Institute for Government Research, Service monograph, no. 22. (Baltimore: Johns Hopkins Press. 1923. Pp. x, 31. \$1.)
- WOODS, R. A. *The neighborhood in nation-building; the running comment of thirty years at the South End House*. (Boston: Houghton Mifflin. 1923. Pp. viii, 348. \$3.)
- Backward children*. Bulletin of the Russell Sage Foundation Library, no. 57. (New York: Russell Sage Foundation Library, 130 East 22nd St. 1923. Pp. 4. 10c.)
- A bibliography.
- Juvenile and welfare laws as amended by the General Assembly of Virginia, 1922*. (Richmond: State Board of Public Welfare. 1922. Pp. 87.)
- Social work, an outline of its professional aspects*. (New York: Am. Assoc. of Social Workers, 130 East 22nd St. 1922. Pp. 32. 25c.)



*Vocational guidance.* (Pittsburgh, Pa.: Pittsburgh Public Schools, Vocational Guidance Dept. 1923. Pp. 158. 60c.)

*Women's contributions in the field of invention: a study of the records of the United States Patent Office.* Women's Bureau, bull. no. 28. (Washington: Gov. Prtg. Office. 1923. Pp. 51. 10c.)

### Insurance and Pensions

*A Critical Analysis of Industrial Pension Systems.* By LUTHER CONANT, JR. (New York: The Macmillan Company. 1922. Pp. xi, 262.)

Mr. Conant's study is an account of the various problems connected with the provision of superannuation pensions for the employees of industrial establishments. His conclusions are given in clear, succinct form and eliminate many of the current assumptions in this field. He finds, for instance, that, where the impelling cause for installing the pension system is the idea of reward for long service, it is practically without justification; as a means of reducing labor turnover, a pension produces only disappointing results; as a means of increasing efficiency, a pension is of value only in so far as it enables the employer humanely to dismiss an aged worker. In fact, the latter should be the main purpose of pension systems and is the only sound basis on which they can be justified.

Pension plans in actual operation in the United States are described under three headings: the non-contributory, discretionary systems; the non-contributory "limited-contractual" systems; and the contributory systems. Under these groupings is given a careful analysis of the various features of each plan, together with discussion of experience under them and also some quotations from the views of other writers.

The special contribution of the author, however, is his analysis of the single premium annuity plan which has been proposed as a substitute for the traditional retirement pension. The proposed plan—the author knows of only one establishment in which it has been installed—provides that after the completion of a preliminary period (*e.g.*, three to five years) a paid-up policy would each year be handed to the employee, assuring him of an income of, say, \$10 per year beginning with the age of 65. This annuity policy would be a bonus for continuity of service, provided at the expense of the employer, who would purchase it from an insurance company. Thus, if the employee remained with the firm for thirty years, he would by that time have accumulated policies which would provide an annuity of \$300 beginning at age 65. The various policies would of course be the property of the worker and his separation from the firm's service at any time would not affect the receipt of the annuities. Also the firm would be in a position to discontinue the system at the close of any year. The workers might,

with propriety, be induced to participate in the cost, or to supplement the firm's policy by purchasing additional policies.

The advantages of the plan are patent; it is a clear-cut business proposition, eliminating all taint of charity and removing all possibility of using the benefit as a club to coerce action during disputes; it would aid in removing inefficient workers, it would be fair to all groups of workers, it is financially safe and, finally, removes entirely any question of deferred pay.

The objections to the plan are carefully reviewed; the most serious of course is that of cost, which rises with each year of age and ranges from \$10.51 at age 20 to \$68.78 at age 60 for a ten dollar annuity beginning at age 65. Apparently the expense must be considered both in the light of what a formal, contractual system would cost and of what the employer is willing to pay for continuity of service.

An appendix gives a tabular statement of the various features of ninety-three pension systems now in operation in the United States. Only ten of these systems were in operation prior to 1910 and the author concludes that, for all practical purposes, these ninety-three funds make no contribution towards solving the problem of old-age dependency among wage-earners. If industry is to assume any part of the burden of superannuation, it may fairly be required to devise some more equitable method than now prevails in private pension practice.

The author has arranged his material well; some of the matter is distinctly new; and throughout the whole discussion there is a tone of frankness that conveys a rather unusual impression of sincere conviction. Altogether, the volume is a genuine contribution to the literature of the subject.

HENRY J. HARRIS.

*Public Relief of Sickness.* By GERALD MORGAN. (New York: The Macmillan Company. 1922. Pp. 195. \$1.50.)

This book is an argument for the creation of an independent system of health centers whose function would be to coöperate with a health insurance system such as was proposed in 1920 in New York and other states. The insurance organization under this plan would provide the cash benefit only, while the medical attendance, medicines, etc., would be furnished by the health centers, which would at the same time provide such service for the uninsured population also.

Mr. Morgan begins his argument by summarizing the facts brought out by the intensive study made by the Illinois Health Insurance Commission in 1919, which showed that really adequate medical treatment was available for the well-to-do classes only; the wage-earners and others with small incomes, who have the highest sickness rates, either

have inferior treatment or have unpaid treatment or resort to patent medicines. In any event, their treatment is insufficient and usually unsuccessful. The author then reviews briefly three foreign systems of health insurance, the Danish, German, and British, and finds that in all three countries it is handicapped by the necessity of keeping down expenses. He also finds that efforts at economy are principally directed to the medical benefit, which costs approximately as much as the money benefit, while a further difficulty arises from the fact that medical expenses are always increasing because of the advances in medical science. To meet this situation, the insurance carriers in all three countries make strict bargains with the medical practitioners, emphasizing the commercial side of practice, to the detriment of the patients and to the injury of the medical profession. The author's solution is to take the medical benefits out of the insurance and create a state health service independent of, but coöperating with, the insurance system.

By itself, such a plan would be likely to meet with general acceptance; in fact, it resembles the plan advocated by the English Fabians and its absence forms their chief objection to the British health insurance system. But when the health center plan, with its high cost, is offered at the same time as the insurance plan, it almost necessarily means a choice of one or the other, but not both. The managers of the industrial establishments would of course point to the burdens which the taxation for this purpose would mean to their undertakings and, if this were imposed at the same time as the health insurance assessments, the total would undoubtedly seem large.

The author's presentation of his thesis is marred by many statements which seem to indicate lack of care in preparation. Thus on page 49 it is stated: "But perhaps it is well to note that the Danish death rate at last reports (1921) was about 19 per 1,000, which is exceedingly high." The 1922 issue of the Danish official statistical year book, page 16, gives the 1920 rate as 12.9 per 1,000, which is distinctly favorable. Again, on page 137, it is stated: "For instance, it is not altogether impossible that a man handling hair or hides should contract anthrax from his own shaving brush at home, but that would be so very unusual as to be considered impossible." Yet anthrax from shaving brushes is a frequent cause of this disease; the evidence on the danger from this source was so clear, that the federal House of Representatives on June 19, 1922, readily passed the bill prohibiting the importation of shaving brushes containing horse hair.

On page 61 it is stated: "If the standard of living and amount of wages in Germany, as in Denmark, was low, that depended on other conditions and could not be raised by insurance." Yet this is one

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of the important claims of the advocates of health insurance; if in Illinois, for instance, a health insurance system providing annually eighty million dollars of benefits were established, of which the insured paid only half, would not the other forty millions of cash and of services raise the standard of the beneficiaries, especially as the lower income groups would receive the greater benefit?

At times, the author seems to be in some haste to discredit the medical benefit of the European insurance systems. Thus he devotes about seven pages to discussion of the British benefit, four pages consisting of extracts from Brend, picturing the haste and crowding of doctors' offices, after which he concludes "the British medical benefits were wholly inadequate" (page 93). No reference is made to the official reports of the Chief Medical Officer of the Ministry of Health, where a complete survey of the facts is given. The 1920 issue of these reports (page 37) for instance, states that "Large lists are by no means common. About 34 per cent of insurance practitioners have less than 600 persons on their lists. Another 30 per cent have between 600 and 1200, 22 per cent have between 1200 and 2,000 and only 14 per cent have upwards of 2,000." These figures refer to persons, not patients; about 60 per cent of the persons insured become patients.

A brief bibliographical note concludes the volume.

HENRY J. HARRIS.

Washington, D. C.

#### NEW BOOKS

FISH, R. C. *Index-digest of life insurance decisions (cumulative)*. Compiled annually in conjunction with the weekly index-digest card service. (Indianapolis, Ind.: Author. 1922. Pp. 39.)

GAUDET, M. and LEFORT, J. *Les assurances sur la vie et la cour de cassation de 1914 à 1920*. (Angers: Impr. F. Gaultier. 1922. Pp. 54.)

MOLDENHAUER, P. *Das Versicherungswesen*. Second edition. (Berlin: W. de Gruyter & Co. 1923. Pp. 130.)

MURPHY, R. D. and PAPPAS, P. C. H. *Construction of mortality tables from the records of insured lives*. (New York: Actuarial Soc. of America. 1922. Pp. 72.)

SCHULZ, H. and ECKERT, C. *Grundzüge der deutschen Sozialversicherung*. (Berlin: Reimar Hobbing. 1922.)

WALL, A. W. *Australian insurance*. (Glasgow: James Hedderwick and Sons. 1923.)

WEBER, G. A. *The Bureau of Pensions: its history, activities and organization*. Institute for Government Research, Service monograph, no. 24. (Baltimore: Johns Hopkins Press. 1923. Pp. xi, 111. \$1.)

*The North Dakota workmen's compensation insurance and the injured workmen*. (Grand Forks, N. D.: Normandex Prtg. Co. 1922. Pp. 31.)

## Pauperism, Charities, and Relief Measures

*The Charity Organization Movement in the United States.* By FRANK D. WATSON. (New York: The Macmillan Company. 1922. Pp. x, 560. \$4.00.)

The author has given us a very able presentation of the charity organization movement. He begins in an orthodox way with the roots of the developments as they appear in foreign countries. He includes a short account of the work of St. Vincent de Paul, Count Rumford, Thomas Chalmers, Frederick Ozanan and others. He also outlines the Hamburg and Elberfeld plans of charitable relief and briefly characterizes the original program of the London Charity Organization Society. In discussing American antecedents he stresses in particular the work of the associations for improving the conditions of the poor. The functions of the Charity Organization Society are discussed under three heads:—family rehabilitation; education of the community in correct principles of relief; and aid in eliminating the causes of poverty.

The author says that the efficiency of the society rests on the quality of its case work. Good case work not only promotes family welfare, but points out the social causes of distress and leads to a constructive program. Practical suggestions are made to the worker who may be wrestling with concrete problems such as the maintenance of a free employment bureau, charities' endorsement or the part which the society should play in managing a social service exchange. Several chapters are filled with excellent historical material describing the beginnings of charity organization in this country and the functions and work of particular societies. The broader programs of recent times are also neatly linked up with the evolution of the movement. Contacts with the practical problems of particular cities have resulted in leadership by these societies in the development of other forms of social service. Among these are the development of loan funds, the care of homeless men, disaster relief, housing reform, free legal aid and the anti-tuberculosis movement. A number of publications dealing with social welfare have also originated out of the recognition of the need of greater publicity and of a more satisfactory educational program. In a similar way a demand grew up for the training of social workers and one school of social work is still conducted by a charity organization society.

The author makes brief mention of specialized fields of work to which the charity organization movement gave the initial impetus. Among these fields of work are medical social service, special treatment for the handicapped, and mothers' pensions, but the author states definitely that there would have been no nation-wide mothers' pension legislation if the people had depended on the charity organization societies to



support the movement. In fact these organizations were formerly rather critical of the various forms of public outdoor relief. Some reference is also made to the more enlightened plans for carrying out a program of public relief, such as the so-called Iowa plan and the Los Angeles organization for relief work.

The writer discusses the growing effectiveness of social case work. Among the outstanding improvements are the developments in co-operation, in technique of social diagnosis and in the giving of adequate relief. One chapter is devoted to tests of efficiency. It includes a discussion of the worker, the administration, the office system, the problem of obtaining funds for the work, and relations with other social organizations. The book would not be complete if it did not consider the criticisms that are often made against organized charity. It is urged that there is too much "red tape" and that the work is palliative rather than preventive. Without ignoring the facts, the author shows that these criticisms are largely unfair.

The reviewer believes that the book is a real contribution to the literature of philanthropy. It provides a much better understanding of the central movement in the development of modern social work. It recognizes that charity organization has not attained a desirable degree of perfection, but that it is dynamic, that it inspires many other forms of social work and represents part of the big movement for the promotion of social welfare.

GEORGE B. MANGOLD.

*Missouri School of Social Economy.*

#### NEW BOOKS

CHANCE, W. *The Ministry of Health and the Poor law.* (London: King. 1923. Pp. 12. 1s.)

SAVOY, E. *Paupérisme et bienfaisance.* (Fribourg: Fragnière Frères, Editeurs. 1922. Pp. 422.)

### Socialism and Co-operative Enterprises

*Die Gemeinwirtschaft, Untersuchungen über den Sozialismus.* By LUDWIG MISES. (Jena: Gustav Fischer. 1922. Pp. viii, 503.)

Professor Mises, of the University of Vienna, has recently published a book on socialism which deserves careful reading by friend and foe of the movement. It is a reëxamination of the theory of socialism and a clear, vigorous, and convincing restatement of the case for individualism, much in the tone of a Manchester Liberal of the '60s. It is a complete rejection of all forms of collectivism and all compromises with the forces which, in the opinion of the author, threaten the foundations of existing society. Professor Mises attempts to meet all serious

criticisms of capitalism and all arguments for collectivism, with the result that the book covers a surprising number of fields of learning, and, through abundance of references, opens up an interesting literature. The five sections deal with liberalism and socialism, the economic organization of the socialistic society, the doctrine of the inevitableness of socialism, the usual ethical and moral arguments for socialism, and destructionism.

Professor Mises rejects socialism on two grounds: first, because it affords no possibility of rational price fixation; second, because there is no possibility of an appropriate organization of production. The first assertion follows from the author's theory of value, wherein he stands squarely with the Austrian school, of which he is one of the most prominent younger members. Value, according to this school, is subjective. The individual subjective judgments, however, in a free market of buyers and sellers, finally result in an objective judgment, which through the intermediary of money, is known as price. Price can emerge therefore, only in an economic system where individuals or groups have disposal of economic goods which they bring upon the market. The essence of socialism, according to the author, is the collective ownership of the means of production. The goods and services produced by the members of the socialistic community, by the aid of the socially owned means of production, go into a common fund and are divided up among the members on some basis or other. The means of production have value, derived from the value of the finished goods and services which they aid in producing, but in as much as they do not come on the market there exists no means of determining their value. Under socialism price could only emerge for consumption goods. This, according to Professor Mises, is of the first importance in judging of the feasibility of socialism. Without prices at every stage of the productive process, rational, large-scale, round-about production is impossible. The introduction of socialism would not involve of course, the complete and immediate disintegration of the modern capitalistic round-about methods of production. The experience of centuries of the race would remain. Old methods and processes would be retained. There would be no way of determining, however, whether new ideas and suggestions would prove economical or not. Progress would cease.

To the Austrian school the problem of distribution is nothing else than the problem of price formation. Under socialism wages, the price of labor, could not be determined. Resort would have to be made to the arbitrary—equality, needs, inner spiritual worth, family position, etc. State, church, military, or labor socialism differ only in the way activities are ranked in the hierarchy, and in the way the goal of socialism is reached. The author pictures most vividly each

of the types mentioned, and the ideology inspiring the defenders of each.

The second argument against socialism is that there is no possibility of an appropriate organization of production. Effective production involves leadership, and effective leadership, in the long run, is only possible where the leader enjoys the possibility of larger gains than his routine fellow workers, and, equally important, is also exposed to loss. Income irrespective of effort leads to sloth; profits without the counterpart of possible loss lead to recklessness. There are exceptions to this rule, but it applies to the rank and file who must be fitted into the scheme of production. The author lays this down as a fundamental rule and challenges any socialist state builder to apply it without the result being a return to capitalism. The argument here is extremely well worked out (pp. 207-210).

The purpose of the first argument is to show that socialism inevitably leads to the cessation of further material progress. Granting this, it can still be argued that another distribution of income would produce greater well-being. The second argument is designed to prove that a decline in productivity would necessarily follow. Professor Mises himself holds that the falling off would be so great that the average income under complete socialism would be less than what the very poor enjoy under capitalism.

Professor Mises would have the state limit its activities to the protection of property and persons and nothing else. Its expenses will then prove small and can be met by a few moderate taxes; the state, with its formidable power of taxing and issuing fiat money, will cease to be the great consumer of the capital of the community.

Whoever accepts the Austrian theory of value even in part can hardly refuse to follow the reasoning of Professor Mises as to the impossibility of complete socialism. More open to criticism, however, is his conclusion that complete laissez-faire is the only solution. All compromise he regards as merely the result of a breathing pause in the struggle of conflicting principles. Accordingly he condemns as destructive forces all legal limitations on the hours and conditions of labor, public insurance, unemployment relief, trade unionism, labor representation in the councils of industry, public ownership, heavy taxation, and naturally inflation. Against the argument for democracy in industry he opposes the assertion that the liberal capitalistic system constitutes a consumers' democracy, in which the entrepreneur is but the agent of the public, producing in the best possible way what is wanted, whether it be a prime necessity or a deadly poison, and that any attempt to interpose state agencies or representatives of the employees into the councils of industry will but interfere with the laws of the market, which exercise a "control over property owners sharper

than any which government or any body set up by society can create" (p. 437).

The strength of the socialistic movement rests on false ideology, holds Professor Mises—conceived by a few thinkers, understood by a larger group, and injected into the unthinking masses by a remarkably clever propaganda which appeals to the vanity and cupidity of the poor and also to their idealism, because it preaches the optimistic doctrine of a future world of general well-being and universal peace. This last has attracted to its banners many noble men and women of the so-called bourgeois class, who, in the face of triumphant militarism and imperialism, have despaired of world peace through liberalism. This ideology can be destroyed not by force, because force today in most countries is already on the side of socialism, but only by sound thinking. Once the thinkers in the socialist movement cease to believe in their doctrines, the movement itself is doomed to early extinction.

If Professor Mises believes in the ultimate success of the appeal to reason, he need not fear the trade unions or the presence of the laborers in the councils of industry. Trade unionism has proved an educational force as well as, at times, a destructive one. Industrial democracy will prove as great an education in the intricate problem of production as political democracy has proved in that of citizenship.

JOHN V. VAN SICKLE.

Vienna.

#### NEW BOOKS

ADLER, M. *Der Marxismus als proletarische Lebenslehre.* (Berlin: E. Laub. 1923. Pp. 57.)

BEER, M. *Allgemeine Geschichte des Sozialismus und der sozialen Kämpfe.* Sozialwissenschaftliche Bibliothek, Band 14, Teil 4. (Berlin: Verlag für Sozialwissenschaft. 1922.)

BERTH, E. *Les derniers aspects du socialisme.* (Paris: Marcel Rivière, Editeur. 1923. Pp. 112.)

Revised and enlarged edition of *Nouveaux Aspects du Socialisme.*

BORCHARDT, J. *Einführung in den wissenschaftlichen Sozialismus.* (Berlin: E. Laub. 1923. Pp. 115.)

———. *Die volkswirtschaftlichen Grundbegriffe nach der Lehre von Karl Marx.* Second edition. (Berlin: E. Laub. 1923. Pp. 138.)

DESLINIÈRES, L. *Délivrons-nous du Marxisme.* (Paris: France-Edition. 1923. Pp. 232. 12 fr.)

FEIG, I. *Unternehmertum und Sozialismus. Eine dogmen-und wirtschaftsgeschichtliche Betrachtung.* (Jena: Gustav Fischer. 1922. Pp. 66.)

FÖLDES, B. *Die Hauptströmungen der Sozialistischen Gedankenwelt.* (Berlin: Otto Elsner Verlagsgesellschaft. 1923. Pp. viii, 414.)

GERLOFF, W. *Steuerwirtschaft und Sozialismus.* (Leipzig: Verlag C. L. Hirschfeld. 1922. Pp. 58.)

GIDE, C. *La coopération. Conférences de propagande.* (Paris: Recueil Sirey. 1922. 7 fr.)

DE KOCK, M. H. *The results of government ownership in South Africa.* (Cape Town, So. Africa: Juta & Co. 1922.)

LAIR, M. *Le socialisme et l'agriculture française.* (Paris: Plon. 1923. 2.50 fr.)

LIEBKNECHT, K. *Studien über die Bewegungsgesetze der gesellschaftlichen Entwicklung.* (Munich: Kurt Wolff Verlag. 1922. Pp. 367.)  
A posthumous work of the socialist leader, published by Dr. Morris as representative of Liebknecht's heirs.

MEHRING, F. *Karl Marx. Geschichte seines Lebens.* Fourth edition. (Leipzig: Leipziger Buchdruckerei A. G. 1923. Pp. xvi, 544.)

NEARING, S. *The next step, a plan for economic world federation.* (Ridge-wood, N. J.: Nellie Seeds Nearing. 1922. Pp. 175. \$1.)

As the subtitle indicates, this is the outline of a plan for an ideal social order based upon economic rather than political or geographical units. The primary economic unit is a body of workers of all grades, owning and operating a factory or a mine, a group of independent farmers, or a union of transport workers. These units would be combined into district organizations and these into continental unions, all uniting in a world industrial congress of each great occupational group. Finally there would be a world parliament composed of elected representatives from each occupational group. The world parliament, and each occupational congress, would choose executive boards and administrative officials. The watchword of this new order is "all power to the producers."

This plan, in common with most of the radical literature of the day, has no place for the political state. The author tacitly assumes that the nations as we know them now will have disappeared and that the ground will have been cleared for the new social structure. The plan is logical and possibly the world would be happier if everyone would agree to adopt it. It is interesting to note in the new radical literature the unshaken faith in economic determinism and the coming Marxian revolution in which the new social order will emerge full fledged from the broken shell of the old capitalist order. The enthusiast closes his eyes to the individualism and conservatism of the peasant, the emotional forces of patriotism and religion and the vast inertia of ignorance and barbarism. When even the industrial workers seem more interested in wage scales than in plans for reorganizing industry, it seems premature to speak of a world producers' federation as *The Next Step*.

G. B. L. ARNER.

PLUMB, G. E. and ROYLANCE, W. G. *Industrial democracy.* (New York: Huebsch. 1923. \$2.)

SINOWJEW, Z. G. *Die Kommunistische Internationale auf dem Vormarsch.* (Hamburg: C. Hoym Nachf. 1923. Pp. 207.)

TOTOMIANZ, V. F. *Anthologie des Genossenschaftswesens.* (Berlin: R. L. Prager. 1922. Pp. iv, 280.)

*Die Konsumvereine in Russland.* Schriften des Vereins für Sozialpolitik, Band 150, II. (Munich: Duncker & Humblot. 1922. Pp. 70.)



- WEBB, S. and WEBB, B. *The decay of capitalist civilisation*. (London: Fabian Society and Allen & Unwin. 1923.)
- WHITNEY, E. L. *Coöperative credit societies*. Bureau of Labor Statistics, bull. 314. (Washington: Gov. Prtg. Office. 1923. Pp. 222.)
- Bericht über den 4. Kongress der Kommunistischen Internationale*. (Petrograd-Moscow: Verlag d. Kommunist. Internationale. 1922. Hamburg: C. Hoym Nachf. 1923. Pp. 222.)
- Die Organisation der Industrie und die Arbeitsbedingungen in Sowjet-Russland*. (Genf: A. Renaud. Berlin: Juris. Verlagsbuchh. 1922. Pp. ix, 96.)
- Thesen und Resolutionen des 4. Weltkongresses der Kommunistischen Internationale*. (Moscow: Verlag d. Kommunist. Internationale. 1922. Hamburg: C. Hoym Nachf. 1923. Pp. 122.)
- Wegbereiter des Kommunismus. 12 Persönlichkeiten aus d. Geschichte d. Kommunismus*. (Berlin: Verlag d. Jugendinternationale. 1923. Pp. 103.)

## Statistics and Its Methods

### NEW BOOKS

- BONNER, H. R. *Statistics of city school systems*. U. S. Bureau of Education, bull. no. 17. (Washington: Bureau of Education. 1922. Pp. 173.)
- HASKELL, A. C. *Graphic charts in business. How to make and use them*. (New York: Codex Book Co. 1922. Pp. 250. \$4.)

In conformity with its apparent purpose of divesting the subject of graphic construction and graphic presentation of much of its *erudite* and mathematical character and of encouraging more business men to make use of graphic methods, several chapters of this book center attention upon the uses of charts in business and upon the essential data which, in most businesses, it is desirable to put into graphic form. Chapters 2 and 20 are of this type. The methods of construction and the interpretation of six kinds of charts occupy approximately the first half of the book; and illustrations of their application in various departments of a business, such as accounting, advertising, costs, credits, etc., the last half. The success of the book as an exposition of graphic methods may be measured therefore by its earlier sections.

The author lists six types of charts: line, bar, circular, percentage, organization, trilinear and probability charts. The major portion of the exposition is devoted to the line chart and in this, the principal discussion centers on the line chart with ratio ruling as against that with plain ruling. Descriptions of the methods of making these charts are given in simple and detailed fashion and it seems that one without any previous experience or instruction in graphic practice could, with the aid of this book, properly construct such a graph. Furthermore, the author's statement of the principles of construction and of interpretation of these graphs is sound. His chapters on assigning the scales for both plain and ratio ruling are very good and he places well-deserved emphasis on the necessity of a zero point in the one case and its impossibility in the second.

Of the phases of graphic method which the author discusses, the only one which is distinctly unsatisfactory is the probability chart, and here the defect lies not in his method of construction but in his misconception of the nature of a normal frequency curve and his assumption that, because certain illustrative data fail to follow strictly a straight line when plotted on semi-logarithmic paper, they therefore indicate "extraordinary conditions." In all probability they indicate merely that their law of frequency is not linear when plotted logarithmically. The implicit assumption of the discussion that all frequency distributions follow the normal law is, of course, wholly unwarranted. The omission in a text on graphic methods of any comment on statistical maps is to be regretted. It may have resulted from the author's interest in, and emphasis on, the ratio chart.

The two criticisms named are not intended to detract from the general conclusion that the author has done a very satisfactory piece of work in the presentation of an elementary manual on graphic methods.

BRUCE D. MUDGETT.

HERRING, J. P. *Herring revision of the Binet-Simon tests. Examination manuals: form A.* (Yonkers, N. Y.: Work Book Co. 1922. Pp. 56. \$1.)

OPPENHEIMER, F. *Die Judenstatistik des preussischen Kriegsministeriums.* (Munich: Verlag für Kulturpolitik. 1922. Pp. 48.)

RECH. *Reform der Wirtschaftsstatistik.* (Berlin: Selbstverlag des Reichsverbandes der deutschen Industrie. 1922. Pp. 62.)

WASSMUTH, A. *Grundlagen und Anwendungen der statistischen Mechanik.* Second revised edition. (Braunschweig: Friedr. Vieweg & Sohn. 1922. Pp. vi, 115.)

WINKLER, V. *Die statistischen Verhältniszahlen.* Band II.N.F. der Wiener staatswissenschaftlichen Studien. (Leipzig und Vienna: Verlag Franz Deuticke. 1923. Pp. 178, viii.)

ZUCKERMAN, S. *Statistischer Atlas zum Welthandel.* Teil I: Text und Tabellen. Teil II: Graphische Tafeln. (Berlin: Otto Elsner. 1921. Pp. xvi, 191; 156.)

*Annuaire de la Pologne.* Second edition. (Varsovie, Poland: Ignace Weinfeld. 1922. Pp. viii, 140.)

*Annuaire statistique de la ville de Paris. Année 1919 et principaux renseignements pour 1920.* (Paris: Préfecture de la Seine. 1923.)

*A graphic analysis of the census of manufactures.* (New York: National Industrial Conference Board. 1923. \$7.50.)

*Results of a census of the Dominion of New Zealand, April 17th, 1921.* Part II: Ages. 1923. Pp. 36. *Interim returns of industries, etc., life insurance, orphanhood, dependency, length of residence.* 1922. Pp. 21. (Wellington, New Zealand: Census and Statistics Office.)

*Source book of research data. A list of reliable current sources of statistics of quantity and price for important commodities.* Edition of 1923. (New York: Prentice-Hall. 1923. Pp. xl, 70. \$4.)

Prepared by the New York University Bureau of Business Research, Lewis H. Haney, director, and C. C. Meyer, investigation associate.

Covers the most important commodities, including a few items such as telephones and buildings. The list is divided into two parts, one giving the list of quantity statistics as regards costs, the other giving sources of price statistics. The list shows whether information is recorded by pound, ton, bushel, etc., and whether the data relate to a state, a nation, the world, or only to some local province. The material is very clearly arranged, and ought to be of great assistance to investigators of economic conditions in the United States. Not only are reports and documents published by the government covered in the compilation, but also trade journals and publications of industrial associations.

*Statistical year book of Quebec, 1922. Ninth year.* (Quebec, Canada: Pp. 395. 1922.)

*Statistics of colleges, universities and professional schools, 1919-20.* U. S. Bureau of Education, bull. no. 28. (Washington: Bureau of Education. 1922. Pp. 147.)

*Statistisches Jahrbuch der Stadt Breslau.* Herausgegeben vom Statistischen Amt. 1922. (Breslau: E. Morgenstern. 1922. Pp. 108.)

*Statistisches Jahrbuch der Stadt Essen. 8 Jahrgang, 1920-1921.* Herausgegeben vom Statistischen Amt. (Essen: Druck von W. Girardet. 1922. Pp. xiv, 88.)

*Statistisches Jahrbuch der Stadt Köln. 11 Jahrgang.* Im Auftrage des Herrn Oberbürgermeisters hrsg. vom Statistischen Amt der Stadt. (Köln: Druck von M. DuMont Schauberg. 1922. Pp. xii, 120.)

*Twenty-second financial and economic annual of Japan, 1922.* (Tokyo: Dept. of Finance. 1922. Pp. vi, 239.)

*Die Wirtschaftskurve mit Indexzahlen der Frankfurter Zeitung.* (Frankfurt am M.: Frankfurter Societäts-Druckerei, Abt. Buchverlag. 1923. Pp. 88.)

*Wirtschaftsstatistisches Taschenbuch 1922.* (Jena: Fischer. 1922.)

## PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

### Economic History (United States)

(Abstracts by Amelia C. Ford)

- BARNES, J. K. *Dr. Cook's discovery of oil*. World's Work, April, 1923. Pp. 8. Describes new methods employed by the stock promoters in the new oil field of Smackover, Arkansas, and Dr. Cook's connection with them.
- BRADBEER, W. W. *New Jersey paper currency, 1709-1786*. Proc. N. J. Hist. Soc., Jan., 1923.
- COLE, A. H. *A neglected chapter in the history of combinations: the American wool manufacture*. Quart. Jour. Econ., May, 1923. Pp. 40. Discusses the experience of the American Woolen Company (the first and chief combination in the wool-manufacturing industry), in various respects; considers this company has demonstrated that this form of organization may be attained in the textile industry with a fair amount of success, that its history suggests the essentials for advantageous operation of this industrial form, and that the bases of success of the "combinations" in the woolen business have been exceptional leadership and the direction of production largely to standard fabrics.
- GLENN, J. M. *The industrial development of Illinois*. Transactions of Ill. State Hist. Soc. for Year 1921, publication no. 28.
- HAIGHT, G. I. *The wilderness trail*. Chicago Hist. Soc. Bull., March, 1923.
- HAMPTON, E. L. *The seven-state irrigation treaty*. Current Hist., March, 1923. Pp. 10. Discusses the plan for controlling the Colorado River in order to reclaim arid lands and develop hydro-electric power; gives the text of the compact; includes map and pictures.
- HANFORD, C. H. *The orphan railroad and the ram's horn right of way*. Wash. Hist. Quart., April, 1923. Pp. 17. Details the persistent opposition of the Northern Pacific Railroad officials to Seattle's attempts, in competition with Tacoma and Portland, to secure railroad connection with the producing regions of the "Inland Empire."
- HARPER, R. M. *The development of agriculture in Georgia from 1890 to 1920*. Georgia Hist. Quart., Dec., 1922. Considers agriculture in lower Georgia from 1890 to 1920, together with a summary for the whole state for the period 1850 to 1920.
- HOLT, A. *Year book for 1921-1922 of the Swedish Historical Society of America*. An account of the early Swedish settlers in Minnesota.
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(Abstracts by Martin J. Shugrue)

- BADGER, R. E. *Interpreting financial statements.* Administration, May, 1923. Pp. 10. Analyzes the balance sheet from the investment standpoint. Suggested normal ratios of various items discussed and presented in a table.
- BECKMAN, T. N. *Sources and treatment of surplus.* Jour. Account., May, 1923. Pp. 7. Analysis of surplus on a balance sheet.
- BROWN, C. F. *Labor classification and payroll analysis.* Bull. Taylor Soc., April, 1923. Pp. 8. Discussion of such matters as the proper meaning of productive and non-productive labor.

- FRASER, E. *To obtain sinking-fund payments from compound interest tables.* Jour. Account., May, 1923. Pp. 14. Very readable explanation of compound interest problems and formulas.
- HOWARD, T. W. *How to get reliable cost estimates.* Factory, April, 1923. Pp. 3. Bringing estimates and actual costs closer together.
- KILPATRICK, W. *State supervision of municipal accounts.* Nat. Munic. Rev., May, 1923. Pp. 7. Means of preventing defalcations and other irregularities. What has been done to date to remedy the evils.
- LAZARUS, A. *Standard costs.* Jour. Account., April, 1923. Pp. 5. Standard costs are nothing revolutionary or startlingly new.
- LEWIS, W. B. *The wages paid to machinery.* Indus. Manag., April, 1923. Pp. 3. An element of manufacturing cost too often overlooked.
- MEADE, N. G. *Shop office accounting.* Indus. Manag., April, 1923. Pp. 4. How three large corporations keep track of materials and stock. Illustrated with forms.
- MURRAY, D. *The medieval law and practice in regard to accounts.* Jour. Comp. Legis. and Intern. Law, Feb., 1923. Pp. 9. Article of historic interest, accompanied with numerous valuable footnotes and references to original sources.
- PELOUBET, M. E. *Mechanical difficulties in consolidating accounts.* Jour. Account., June, 1923. Pp. 17. Description of difficulties and presentation of practical ways of preparing consolidated statements for a parent company and subsidiaries. Concretely illustrated.
- PINKERTON, P. W. *The surplus of corporations.* Administration, April, 1923. Pp. 6. How the surplus should be shown on the balance sheet for purpose of giving the stockholders adequate information.
- PRYTZ, C. V. *Skovens Vårdier.* Nat. ök Tids., no. 1, 1923. Pp. 6. Treats of economic principles involved in evaluating forests and gives formulas.
- SECRIST, H. *Commercial rent as an expense and its relation to profits.* Am. Econ. Rev., Supp., March, 1923. Pp. 30.
- SUNLEY, W. T. *Minority interests in inter-company profits.* Jour. Account., May, 1923. Pp. 6. Some complications that arise in the preparation of consolidated statements.
- THAYER, O. B. *Receipt of certificates of capital stock as taxable income.* Jour. Account., June, 1923. Pp. 8. Discussion of its legal aspects and court rulings.
- WELD, L. D. H. *Do principles of large-scale production apply to merchandising?* Am. Econ. Rev., Supp., March, 1923. Pp. 13.

## Business Management

- FARNHAM, D. T. *A practical operating organization.* Administration, April, 1923. Pp. 11.
- FARQUHAR, H. H. *Measuring the performance of the production department.* Harvard Bus. Rev., April, 1923. Pp. 10.
- GORDON, W. D. *Modern practice in stores management—1.* Indus. Manag., May, 1923. Pp. 5.
- KINGSBURY, F. A. *Grading the office job.* Administration, April, 1923. Pp. 10.
- LANSBURGH, R. H. *The management movement.* Bull. Taylor Soc., April, 1923. Pp. 7.
- MCCANN, H. K. *The planning and preparation of an advertising campaign.* Harvard Bus. Rev., April, 1923. Pp. 5.

- NEUSTADT, R. *Centralized administration in business*. Administration, May, 1923.
- ROSS-ROSS, D. *Setting piece rates by formula, chart and slide rule*. Indus. Manag., May, 1923. Pp. 5.
- TOSDAL, H. R. *The field organization of the sales department*. Harvard Bus. Rev., April, 1923. Pp. 7.
- WESS, H. B. *A survey of delivery operations*. V—*Establishing monthly production standards*. Administration, May, 1923.

## Labor and Labor Organization

(Abstracts by David A. McCabe)

- ANDREWS, J. B. *Progress of American labor legislation*. Am. Labor Legis. Rev., June, 1923. Pp. 4.
- BAUER, S. *La reconstruction de la protection ouvrière internationale depuis la paix de Versailles (fin)*. Questions Pratiques, Jan.-Feb., 1923. Pp. 11. Second instalment. Carries the story down to October, 1921. The author is general secretary of the International Association for Labor Legislation.
- BLAKENHORN, H. *Free speech in Logan?* Survey, April 15, 1923. Pp. 2. Developments in an unorganized mining district in West Virginia.
- BUTLER, F. C. *The Cleveland garment plan*. Indus. Manag., May, 1923. Pp. 5. Account of workings of "the plan that brought peace to a highly seasonal industry."
- CAIN, J. M. *West Virginia: a mine-field melodrama*. Nation, June 27, 1923. Pp. 3.
- CHASE, S. *The miners present a plan*. New Repub., June 20, 1923. Pp. 3. Review of statement presented to the United States Coal Commission by the anthracite representatives of the United Mine Workers.
- CLARK, J. B. M. *The private employment agency*. Am. Fed., April, 1923. Pp. 3. Operations in California.
- DEVOOYS, I. P. *Labour legislation and economic possibilities*. Intern. Lab. Rev., Feb.-March, 1923. Pp. 7.
- DRURY, H. B. *Labour shifts in continuous industries in the United States*. Intern. Lab. Rev., Feb.-March, 1923. Pp. 21.
- DU BOIS, W. E. B. *The hosts of black labor*. Nation, May 9, 1923. Pp. 9. Changes that will be produced by coming north of negro labor.
- FEIS, H. *Kansas clings to its court*. Survey, May 15, 1923. Pp. 2.
- FITCH, J. A. *A confession of helplessness—the twelve-hour day and the Iron and Steel Institute*. Survey, June 15, 1923. Pp. 2.
- GADSBY, M. *Trade agreements in the New York garment trades*. Mo. Labor Rev., June, 1923. Pp. 13.
- GODMAN, E. *The coming lack of workers*. Nation, May 23, 1923. Pp. 2. Argues for a permanent policy of relating admission of immigrants to an unemployment index.
- HANSSON, S. *The trade union movement in Sweden*. Intern. Lab. Rev., April, 1923. Pp. 26.
- HATHAWAY, H. K. *Premium and bonus plans*. Bull. Taylor Soc., April, 1923. Pp. 6.
- HERING, F. E. *Awakening interest in old age protection*. Am. Lab. Legis. Rev., June, 1923. Pp. 6.
- HOLT, H. *An open shop shuts down*. New Repub., June 27, 1923. Pp. 3. Account of strike for unionization in the Buffalo men's clothing industry.



- HOPKINSON, A. *The Labour party and its policy*. Nineteenth Century and After, March, 1923. Pp. 8. Highly unfavorable criticism of its policies and personnel by a political opponent.
- HOWE, A. F. *Organized labor favorable to city manager plan*. Nat. Munic. Rev., April, 1923. Pp. 3.
- HYDSTEN, J. *Unemployment in Norway*. Intern. Lab. Rev., Feb.-Mar., 1923. Pp. 9. Writer is inspector of employment exchanges and unemployment insurance.
- JAMES, G. *Paying for workmen's misfortunes*. No. Am. Rev., May, 1923. Pp. 9. An argument for unemployment insurance from analogy of compensation for industrial accidents.
- JONES, R. T. *The wet drive and the A. F. of L.* New Repub., June 6, 1923. Pp. 2.
- JOSLYN, C. S. *A catastrophe in the British building guilds*. Quart. Jour. Econ., May, 1923. Addendum to article by same author in November, 1922, number of the same journal.
- KRAUSE, L. *The development of collective contracts in Germany*. Am. Fed., May, 1923. Pp. 2.
- LILIENTHAL, D. E. *Labor and the courts*. New Repub., May 16, 1923. Pp. 3.
- McLAGAN, D. C. *Industrial responsibility for unemployment*. Fortn. Rev., May, 1923. Pp. 12. Presents a program for organizing industry to cope with the problem.
- MITTLEMAN, E. B. *Loyal Legion of Loggers and Lumbermen*. Jour. Pol. Econ., June, 1923. Pp. 30. Critical history of the organization of operators and workmen in the lumber industry of the Northwest.
- PARKINSON, T. I. *Minimum wage and the Constitution*. Am. Labor Legis. Rev., June, 1923. Pp. 6. Finds the majority opinion of the Supreme Court in the District of Columbia minimum wage law case unconvincing.
- PICARD, R. *Le marché du travail*. Rev. d'Econ. Pol., March-April, 1923. Pp. 10. Summary of developments during year 1922.
- PRICE, G. M. *Administration of labor laws and factory inspection in certain European countries*. Mo. Labor Rev., June, 1923. Pp. 19. Based on visits to England, France, Switzerland, Germany, and Austria in 1922.
- RAUSHENBUSH, S. H. *The smoldering problem of anthracite*. Survey Graphic, June, 1923. Pp. 4. Presents a long list of questions for the United States Coal Commission to answer; scores the Commission for having held no public hearings to educate the public to appraise the Commission's report when it appears.
- RIEGL, J. W. *The appraisal of labor "efficiency"*. Harvard Bus. Rev., April, 1923. Methods of measurement and possibilities of control.
- ROGERS, J. R. *A group bonus plan that reduces costs*. Factory, May, 1923. Pp. 3.
- ROSS, E. A. *Mexico's labor movement*. New Repub., April 25, 1923. Pp. 2.
- ROWNTREE, R. S. *The labour movement*. Contemp. Rev., April, 1923. Pp. 10. Points way to improvement.
- SATRE, F. B. *The minimum wage decision—how the Supreme Court becomes virtually a House of Lords*. Survey Graphic, May, 1923. Pp. 3.
- SEAGER, H. R. and others. *The minimum wage—what next?* Survey, May 15, 1923. Pp. 12. "Seven governors and a score of citizens discuss the decision and the way to further progress."
- SOULE, G. *What the worker doesn't get*. New Repub., May 30, 1923. Pp. 3. Summary of an article by the same author in the Supplement to the March AMERICAN ECONOMIC REVIEW.

- STILLER. *Die Erwerblosenfürsorge*. Jahrb. f. Nationalök. u. Stat., Feb., 1923. Pp. 36. General survey of the situation with emphasis on inadequacy of German unemployment insurance.
- TAYLOR, P. S. *Organization and policies of the Sailor's Union of the Pacific*. Mo. Labor Rev., April, 1923. Pp. 10.
- TILDEN, L. P. *New England textile strike*. Mo. Labor Rev., May, 1923. Pp. 14.
- TURNER, V. B. *Industrial unrest in England*. Mo. Labor Rev., June, 1923. Pp. 14.
- WALKER, C. R. *The twelve-hour shift*. Am. Labor Legis. Rev., June, 1923. Pp. 11. Based on personal observation as a workman in the steel industry.
- WARNER, A. *Porto Rico's workers awake*. Nation, April 11, 1923. Pp. 3.
- WEBB, S. *The British labour movement and the industrial depression*. Intern. Lab. Rev., Feb.-March, 1923. Pp. 21. Effects of the depression of membership, funds, type of organization, relations with employers' associations, and political activities.
- WILLIAMS, W. *A theory of industrial conduct and leadership*. Harvard Bus. Rev., April, 1923. Pp. 13. Problem of releasing the worker's potential energy and giving him a satisfactory place in the industrial order.
- WITTE, E. E. *Treble compensation for injured children*. Am. Labor Legis. Rev., June, 1923. Pp. 7.
- Decision of the Railroad Labor Board—collective bargaining*. Mo. Labor Rev., June, 1923. Pp. 5. Concerns right of a brotherhood to continue to represent foremen and assistant foremen after they had formed a committee to handle their own interests and had made an agreement with the railroad.
- International comparison of real wages*. Protectionist, May, 1923. Pp. 6.
- The Labour party*. Quart. Rev., April, 1932. Pp. 18. An analysis—unfavorable.
- The Ministry of Labour of Great Britain*. Jour. Comp. Legis. and Intern. Law, Feb., 1923. Pp. 21. First of two instalments on constitution and organization of the department.
- Powers of the United States Railroad Labor Board (Pennsylvania Railroad case)*. Mo. Labor Rev., April, 1923. Pp. 4.
- Public utility building guilds in Germany*. Intern. Lab. Rev., Feb.-March, 1923. Pp. 11.

## Money, Prices, Credit, and Banking

(Abstracts by William O. Weyforth)

- AGGER, E. E. *Money schemes and economic threat*. Jour. Am. Bankers Assoc., April, 1923. Considers the effect of monetary inflation upon capital accumulation. Shows how individual and corporate saving and saving through insurance are adversely affected by inflation.
- ANDERSON, B. M. *Underlying factors in the business situation*. Chase Econ. Bull., March 27, 1923. Surveys the most important factors affecting the present business situation, points out the weak spots, such as disordered conditions of Europe and the depression of American agriculture, and urges a policy of caution and conservatism on the part of business men. Businesses should follow now the wise policy pursued during the war of accumulating surpluses.
- AUSTIN, O. P. *The world's paper currency, 1914 to 1923*. Econ. World, April 14, 1923. Reprinted from *Monthly Letter* of the National City Bank of New York, April, 1923. Reviews the paper currency expansion of the world and various steps towards the restoration of the gold standard.

- BALDY, E. *Les banques d'affaires en France depuis 1900*. Jahrb. f. Nationalök. u. Stat., Feb., 1923. Distinguishes "Geschäftsbanken" (les banques d'affaires) from "Depositenbanken." Activities of the former have been enlarged since the war both at home and abroad. They have been active in forwarding arrangements between industries and in effecting combinations.
- BERKMAN, L. J. *El clearing house en Inglaterra—su comparación con el de nuestro país*. Rev. de Econ. Argentina, Dec., 1922.
- CAUBOUÉ, P. *Papier de commerce, papier de crédit*. Jour. des Econ., April 1, 1923. Commercial paper includes bills and notes created as a result of commercial operations, the sale of goods. Credit paper includes instruments resulting from a loan of capital. The latter, if employed to excess, leads to inflation.
- CHANDLER, H. A. E. *Our current monetary policy*. Commerce Mo., April, 1923. Distinguishes cyclical changes in prices from long-time trends. Points out the evils of the latter. Urges necessity of a monetary policy in the United States that will meet the danger of depreciation in the value of money.
- CHLEPNER, B. S. *L'évolution du régime bancaire en Belgique*. Rev. de l'Inst. de Soc., Jan., 1923. Describes savings banks up to 1848. Considers the relations between "La Société Générale," the state, and public opinion.
- COUSIN, J. *La vulgarisation du chèque*. L'Econ. Franç., March 17, 1923. Popularizing of check in France will be brought about not by modification of laws relating to it but by skilful propaganda by those interested in its use and by the state and the banks.
- EVANS, S. *The future of gold*. Econ. World, May 5, 1923. Reprinted from *The Star* (Johannesburg, So. Africa), March 14. Writer believes that general tendency in the world at present is in favor of a return to the gold standard.
- GUBBINS, J. R. *Currency problems*. Edinburgh Rev., July, 1922.
- HASTINGS, H. B. *The circuit velocity of money*. Am. Econ. Rev., June, 1923. Pp. 15.
- HENDERSON, G. C. *The Agricultural Credits act of 1923*. Quart. Jour. Econ., May, 1923. An excellent brief summary of the provisions of this act. Writer believes that fear that the act will promote unhealthy inflation in agricultural districts is probably unwarranted.
- KEYNES, J. M. *Professor Jevons on the Indian exchange*. Econ. Jour. (London), March, 1923. Professor Jevons urges desirability of stabilizing Indian exchange at 1s. 4d. Mr. Keynes thinks that stabilization of internal prices of India is more important and may be incompatible with stabilization of exchange.
- LIESSE, A. *Partie économique sur la "stabilisation monétaire" chimères et réalités*. L'Econ. Franç., April 21, 1923. Opposes devaluation as a method of monetary stabilization. English policy in balancing budget and imposing heavy taxation offers lesson to France. Smaller wealth of latter country makes problem more difficult.
- MARTIN, P. F. *The South American exchange position*. Finan. Rev. Rev., March, 1923. Considers effects of fluctuations in exchange rates of Argentina, Brazil, and Chile upon foreign holders of securities of those countries. Investments in those countries offer prospect of substantial profit when exchange recovers to a normal level.
- MCGUIRE, O. R. *The cattle loan banks*. Jour. Am. Bankers Assoc., April, 1923. Explains the need for cattle loan banks and states the provisions of the act of Congress of March 4, 1923, authorizing the organization of national agricultural credit corporations.
- MEARS, E. G. *The unique position in Greek trade of emigrant remittances*. Quart. Jour. Econ., May, 1923. Savings sent to home country by Greek emigrants in

United States are larger than Greece's pre-war direct imports from America, or its habitual adverse balance of trade.

MITCHELL, W. F. *The attack upon the theory of the liquidity of bank earning assets.* Jour. Pol. Econ., April, 1923. Summarizes orthodox theory that short-time commercial loans are proper investments for commercial banks. Contrasts the cry with actual practice of American banks in making investment loans. Does the liquidity of an asset depend on the settlement of an obligation at maturity or upon the shiftability of an obligation?

MONDET, N. *Le "federal reserve" des Etats-Unis.* Jour. des Econ., March 15, 1923. A résumé of paper by H. Parker Willis in *Political Science Quarterly*. Federal reserve system has become a system of emergency banking.

MONTFORT, B. *The credit situation.* Bankers Mag., Feb., 1923. Describes the part that credit plays in the business cycle. Considers the present (February, 1923) situation as regards the supply of and demand for credit. During the preceding year there was a marked increase in the demand for credit, but more than an ample supply to satisfy this demand.

PATON, T. B. *The new bank tax law.* Jour. Am. Bankers Assoc., April, 1923. New law permits a state to impose one of three forms of taxation upon national banks or their shareholders: (1) taxation of shares; (2) inclusion of income derived from shares in the taxable income of the owner; (3) taxation of the income of national banks.

PETERSON, L. *The labor bank movement.* Bankers Mag., March, 1923. Describes the progress in the organization of banks by labor unions.

PRESTON, H. H. *Deposit guaranty in Washington.* Jour. Am. Bankers Assoc., April, 1923. System of voluntary deposit guaranty in state of Washington broke down as a result of the failure of the largest bank in the system on July 1, 1921. Effort to pass a compulsory law at the last session of the legislature received little support.

RUEFF, M. J. *Le change, phénomène naturel.* Jour. Soc. de Stat. de Paris, March, 1923. Develops a theory of the exchanges with statistical verification.

SNYDER, C. *The stabilization of gold: a plan.* Am. Econ. Rev., June, 1923. Pp. 10.

VAN GIJN, A. *Das Geld als Quelle von Missverständnissen im internationalen Gütertausch.* Weltwirtsch. Archiv, Jan., 1923. A complete buying transaction consists in the exchange of goods against goods. Inability to see through the veil of money is the explanation why free trade has received so little support from German economists.

VILLAMIN, V. *Rehabilitating the currency system of the Philippines.* Econ. World, March 24, 1923. A survey of the history of the gold exchange standard in the Philippines. Writer suggests the advisability of the adoption of American currency.

WARBURG, P. M. *The federal reserve banks and the open market for acceptances.* Harvard Bus. Rev., April, 1923. If federal reserve system is to exercise properly its function of guide and stabilizer of the interest-rate policy of the country, the development of a country-wide open discount market based upon prime bankers' acceptances is essential.

WITTEK, H. *Bankwesen und Bankkommission.* Zeit. f. Volkswirts. u. Sozialpolitik, Heft 3, 1923. Gives survey of banking development. Explains factors leading to passage of Austrian Bank Commission law of October 7, 1921. Describes organization, power, and activities of the Commission.

WHIPPLE, H. *Social importance of branch banking.* Bankers Mag., April, 1923. Shows how the capital and surplus requirements of some states, e.g., California, display favoritism to branch banking systems. Points out the competitive ad-

vantages of branch banking as compared with independent banking and the dangers of monopolization of credit through growth of the former.

YVES-GUYOT. *L'or, appréciation et dépréciation (à suivre)*. Jour. Soc. et Stat. de Paris, April, 1923.

—. *L'or, sa situation actuelle et prévision*. Jour. des Econ., April 15, 1923. The stock of gold has never been as great as at present. The production of gold will probably increase for at least a time.

Y.-G. *Le rapport du gouverneur de la Banque de France*. Jour. des Econ., Feb. 15, 1923. Reviews report of governor of Bank of France for 1922.

ZAGLITS, O. *Die juristische und die ökonomische Kategorie des Geldes. Eine methodologische Untersuchung*. Zeit. f. Volkswirts. u. Sozialpolitik, 3 Heft, 1923. It is not enough that a theory of standard money be formulated. The theory of credit must also appear as a part of the theory of the creation of money. The theory of credit forms the bridge from the theory of money to the theory of capital and interest.

*Banking for service; credit unions*. Social Service Bull., Feb., 1923. Pp. 4. Issued by the Methodist Federation for Social Service.

*La circulation monétaire en France et aux colonies en 1922*. L'Econ. Franç., March 10, 1923. Contains statistics of coinage in 1922 for France and its colonies.

*The inflow of gold and its effects on the banking and credit situation in the United States*. Econ. World, April 14, 1923. Reprinted from *Federal Reserve Bulletin*, April, 1923. During last quarter of 1920 and during 1921 imports of gold were used to liquidate a corresponding amount of member bank indebtedness at the federal reserve banks. During 1922, however, gold imports were used largely as basis for extension of new credit.

*National banks may not operate branches in Missouri*. Banking Law Jour., March, 1923. Supreme Court of Missouri decides that neither by express terms of National Bank act nor by reasonable implication are national banks authorized to establish branches. In Missouri the attempt to establish a branch bank is also in violation of an express statute of the state.

*Société d'Economie Politique. Réunion du 5 Avril 1923*. Jour. des Econ., April 15, 1923. Pp. 20. The raising of the interest rate on French Treasury loans in February, 1923, had a double purpose: to warn those who were counting upon farther inflation that they were backing the wrong horse; to bring available capital more regularly to the Treasury.

## Public Finance

(Abstracts by Charles P. Huse)

BARKER, J. E. *The money mirage and a levy on capital*. Fortn. Rev., Dec., 1922.

BARRIOL, A. and BROCHU, I. *Emprunt 1923 du crédit national*. Jour. des Econ., March 15, 1923. Pp. 6. Calculates the value of the lottery provisions in the new loan.

CHOROUGH, C. J. *International comity in taxation*. Jour. Pol. Econ., April, 1923. Pp. 14. Reviews the practice of double taxation and the efforts made to prevent it.

DUB, L. *Die Wandlungen im Wesen der Steuergerechtigkeit*. Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 3 Heft, 1923. Pp. 41. Traces the development of the political structure, the tax system and the ideal of justice in taxation from the latter middle ages to the present.

HELM, W. P., JR. *The cost of city governments*. Budget (N. Y.), April 2, 1923.



- KELSEY, C. H. and HITT, R. *The question of tax-free government securities*. Administration, April, 1923. Pp. 8. Gives briefly the case for and against exemption.
- LAGERQUIST, W. E. *Tax-exempt securities*. Bull. National Tax Assoc., April, 1923. Pp. 7. Public utilities find the market for their issues restricted as a result of the expanding volume of tax exempt securities.
- LAVINGTON, F. *The Indian fiscal commission*. Econ. Jour. (London), March, 1923. Pp. 9. The commission bases its demand for protection on the young industries argument.
- LIESSE, A. *Finances publiques allemandes: les faiblesses d'un monstrueux budget*. L'Econ. Franç., April 14, 1923. Pp. 3. The depreciation of the mark and the policy of resistance to the reparations make it difficult to secure an equilibrium.
- . *Sur le budget de 1923*. L'Econ. Franç., March 24, 1923. Pp. 3. Tells of the hard struggle to achieve an equilibrium in the budget.
- NEDELKOVITCH, M. M. *Etudes économiques et financières sur l'état*. Rev. de Science et de Légis. Finan., Jan.-March, 1923. Pp. 37. From a review of the opinions of many writers from the cameralists to those of the present, the author concludes that the state is a useful factor in production and that taxation is justified as a payment for the service it renders the community.
- QUALID, W. *Les finances locales en Alsace et en Lorraine*. Rev. d'Econ. Pol., Jan.-Feb., 1923. Pp. 28. The greater amount of autonomy permitted by the German government, and the heavy expenses due to the war and the transfer account for a heavier tax burden than is found in the rest of France.
- PARKINSON, T. I. *Tariff act and delegations of legislative power*. Am. Bar Assoc. Jour., March, 1923. Pp. 2. Believes in this act Congress has stretched to the limit its power of delegation to the executive.
- RIGHTOR, C. E. *Commentary upon the comparative bonded debt of 36 cities as of January 1, 1923*. Nat. Munic. Rev., May, 1923. Pp. 5. Points out, for example, that part of Baltimore's debt is for productive purposes, and that a large part of the metropolitan district debt falls on Boston.
- RYAN, W. C. *Dr. Pritchett and the cost of education*. Jour. Nat. Education Assoc., May, 1923. Pp. 2. Estimating the expenditure for educating at slightly over \$1,000,000,000 and national income at \$70,000,000,000 the author cannot accept the conclusion that the cost of education has become overwhelmingly burdensome.
- SELIGMAN, E. R. A. *La deuda aliada*. Rev. de Econ. Argentina, Jan.-Feb., 1923. Pp. 13. Discusses ethical, economic and financial questions involved in the allied debt.
- . *Les dettes alliées: critique des opinions du Secrétaire Hoover*. Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 15. The payment of the debt should be postponed both in our own interest and in the interest of Europe.
- . *The effects of taxation*. Pol. Sci. Quart., March, 1923. Pp. 23. Gives many examples to illustrate the incidence and also indirect results, often unintended, of various taxes.
- UNDERWOOD, O. W. *The tariff as a factor in American trade*. Foreign Affairs, March 15, 1923. Pp. 11. The present high tariff will check American exports and so disrupt our economic organization.
- WELHOFF, M. E. *L'emprunt forcé allemand*. Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 24. So far the receipts from the forced loan have been very small.
- YOUNG, A. A. *The United States and reparations*. Foreign Affairs, March 15, 1923. Pp. 13. Believes participation by the United States in the reparations problem would help Europe.

*The chancellor's budget speech.* Bankers' Mag., (London), May, 1923. Pp. 16. Gives the text.

*La répartition de dettes autrichienne et hongroise entre les états successeurs.* Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 4. Gives the results of the work of the reparations commission.

*Taxation of motor vehicles.* Bull. National Tax Assoc., April, 1923. Pp. 9. Reports of state commissions show an increasing tendency to tax gasoline and to increase registration fees.

## Population

(Abstracts by A. B. Wolfe)

ANDERSON, E. S. *The significance of some population changes in Nebraska since 1880.* Jour. Geog., Oct., 1922. Pp. 10.

AUROUSSEAU, M. *The geographical study of population groups.* Geog. Rev., April, 1923. Pp. 17. A phase of the study of population by geographical regions with reference to productive capacity and the optimum population for each region.

BOULENGER, M. F. *L'eugénique.* Rev. de l'Inst. de Sociol., Nov., 1922. Pp. 11. A paper before the Institute of Sociology, Feb., 1922. A sketchy discussion of environmental influence, Mendelian heredity, differential fecundity and mortality, "races and nations," and "the state of eugenics."

BRIMHALL, R. L. *Family resemblances among American men of science.* Am. Nat., Nov.-Dec., 1922. Pp. 44.

BUTTERFIELD, K. L. *Conservation of the quality of the rural population.* Sci. Mo., April, 1923. Pp. 6. Emphasis on education and cultural development, rather than on eugenics.

FERENCZI, E. *Das Auswanderungsproblem Nachkriegs-Ungarns.* Weltwirtsch. Archiv, Oct., 1922. Pp. 29. A well-balanced treatment of the changes to be expected in Hungarian emigration and immigration as a result of the economic and political upheaval of war and peace. The author looks for a marked decline in over-seas migration and a great increase within the Continent.

GARLAND, D. F. *Immigration and the labor supply.* System, May, 1923. Pp. 3. Vanishing supply of unskilled laborers will necessitate a more intelligent organization of the labor market and perhaps a change in technology.

GEISSER, A. *Note su l'emigrazione Italiana.* Rif. Soc., Jan.-Feb., 1923. Pp. 19. Replies made to a questionnaire of the Bonomelli association for the protection of emigrants dealing with various problems of emigration policy.

HOWLAND, G. E. *The matrimonial barometer in times of war and peace.* Jour. Applied Soc., Jan.-Feb., 1923. Pp. 10. The high marriage rate during the war is being succeeded by a natural increase in divorce.

KOVÁCS, A. *Die Wiedergeburt der ungarischen Volkskraft.* Ungarische Jahrb., Nov., 1922. Pp. 15. An able though slightly propagandistic article on the three chief enemies of population growth in Hungary, the small family system (found mainly among the small landed peasantry and certain non-Catholics), the high infant mortality rate (the highest in Europe outside of Russia), and tuberculosis. These should be combated respectively by the preachers, the teachers, and the doctors.

LEDE, F. *La protection des enfants du premier âge (loi du 23 décembre, 1874) et budgets départementaux.* Jour. de la Soc. de Statis. de Paris, Dec., 1922. Pp. 12. Continued from Nov., 1922. Detailed statistical discussion, with graphs, of breast feeding vs. artificial feeding, legitimacy and illegitimacy, and infants placed out to hired care.

- LIESSE, A. *L'abaissement de la natalité en France et les remèdes proposés*. L'Econ. Franç., Dec. 30, 1922. Pp. 3. Notes the remedies for dépopulation proposed in the four national conferences which have been held since the war on the declining birth rate. Finds the most promising remedy in the *caisses de compensation* established by certain large industrial enterprises for the payment of an extra wage to fathers of large families.
- MARCUSE, M. *Selbstmord und Sexualität*. Zeitschr. f. Sexualwissenschaft, Heft 7, 1922. Pp. 9.
- SELLERS, E. *France's fight against her falling birth rate*. Cont. Rev., Dec., 1922. Pp. 6.
- WAGGAMAN, M. T. *Immigrant aid: legislative safeguards, and activities of Bureau of Immigration*. Mo. Labor Rev., Feb., 1923. Pp. 14. Outline of the law and practice.
- WARD, R. DE C. *What next in immigration legislation?* Sci. Mo., Dec., 1922. Pp. 9. Discusses the "imperative necessity" of further permanent legislation.
- Immigration*. Mo. Bull. Chamber of Commerce (N. Y.), Dec., 1922. Pp. 12. Report of committee recommendations and discussion. Shows clearly that those speaking felt themselves on the horns of a dilemma—need of an "adequate" labor supply and fear of alien radicalism.
- Migration movements throughout the world in 1913, 1920 and 1921*. Intern. Lab. Rev., April, 1923. Pp. 26. Incomplete figures of total immigration, emigration and repatriation for the countries which are members of the International Labor Organization; a first step to a study of the migration problem.
- Nybyggesverksamhet och statsorganisation för sociala jordfrågor*. Soc. Med., no. 2, 1923. Pp. 15. Treats of emigration and of Swedish state activities, actual and proposed, to increase agricultural opportunities at home.
- Population changes in the United States 1910-1920*. Pub. Health Reports, May 4, 1923. Pp. 6. Excerpts from Census Monograph, no. 1.

## Insurance and Pensions

(Abstracts by Henry J. Harris)

- ADAMS, C. *The grave danger of excessive public control of American insurance and how to prevent it*. Econ. World, March 24, 1922. Pp. 3. The business must be popularized, and the support of the agency force is the hope of the future.
- CHAPPELL, F. C. *What Britain has done for her unemployed*. Annalist, April 30, 1923. Pp. 2.
- DOYLE, O. M. *Forms of coverage and principles of rate making in automobile insurance*. Econ. World, April 21, 1923. Pp. 3. Classes of cars, kinds of insurance provided, calculation of premium and organizations providing rate data.
- FLIGELMAN, B. *If you grow old in Montana*. Survey, May 15, 1923. Pp. 2. Montana and Nevada old age pension acts came into force March 5. Montana act has 70-year limit, income less than \$300, residence 15 years continuous and benefit not to exceed \$25 monthly. Administered by county old age commissioners, paid from county poor fund, which has claim for reimbursement from beneficiary's estate.
- HAGEN, O. *Die neuen Seeversicherungsbedingungen und ihre Bedeutung für das gesamte Versicherungsrecht*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 8. Provisions of the law of 1919.
- HUEBNER, S. S. *Life insurance savings as compared with other forms of savings*. Econ. World, April 7, 1923. Pp. 3. Corporate stocks are essentially a speculation; present-day bonds contain a large element of uncertainty; real estate

mortgages are in general preferable to corporate securities; depository institutions (savings banks, building-loan associations) have high value for small investor, while life insurance offers the highest form of investment security for one with dependents.

HULL, R. S. *The allocation of administrative expense by lines for casualty insurance companies*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 13. Working groups for various departments, weighting of time costs, etc.

KOEFFLER, H. *Zur Berechnung der Zuschlagprämien und erhöhten Prämien*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 6. Formulas used for life premiums.

OTT, DR. *Wertbeständige Kapitalanlagen in ihrer Bedeutung für die Versicherung*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 9. Account of operations of numerous banks issuing certificates payable in grain, coal, sugar, kilowatts, etc. For insurance investments some form of security based on a price-index of important commodities is necessary.

PERKINS, S. B. and WHEELER, R. A. *1922 revision of the industrial compensation rating schedule*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 12. Methods used in rating the hazards of machines, transmission, elevators, etc., on the basis of statistical reports.

PIKE, M. *Some aspects of the compulsory automobile insurance movement*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 15. Several states now require owners of cars to carry liability insurance; most of the laws apply only to cars for hire. Amounts vary from \$2,500 to \$10,000. Apparently movement will be similar to compensation legislation and offers opportunity for experts in that line to aid in framing rules, etc.

RENTER, H. *Die Hilfsaktion zugunsten der Versicherten bei deutschen Lebensversicherungsgesellschaften*. Zeit. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923. Pp. 24. Eight German companies operating in Switzerland have declared themselves unable to meet their Swiss obligations; these companies carried one fifth of the total amount of the life policies in Switzerland. Review of Swiss laws concerning guaranties required of foreign companies. Discussion of proposals made by German companies for ultimate settlement. Gives statistical data in comprehensive form.

RIEBESELL, DR. *Wertbeständige Versicherung*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 8. The methods proposed for insuring property, commodities, etc., by plans for an index of values, by using a fixed value for the mark, by using the exchange value of the mark, by using foreign currencies and by using the full value of the property.

ROHRBECK, W. *Volkswirtschaft und Versicherung im heutigen Deutschland*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 9. Problems of insurance in a régime of constant inflation.

SIEHR-SOMLO, *Die Neugestaltung der Angestelltenversicherung*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 11. Provisions of the act of November 10, 1922, in regard to salaried employees' insurance.

WALL, A. E. *The experience of Australia with state insurance*. Econ. World, March 31, 1923. Pp. 2. The states now conduct funds for insurance of state property, competitive funds for workers' insurance, fire, etc., and a monopoly fund for the compensation act in Queensland. State insurance has introduced no new principles; where it operates on equal terms with private firms, has shown no economy.

WILSON, W. N. *Permanent total disability from accidental causes*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 21. Review of literature on subject; mortality rates computed by Mr. Arthur Hunter seem too high; in compensation (accident) cases, rate decreases sharply with lapse of time; rate varies widely according

to nature of disability; rate for disease disability probably higher than for accident disability.

WOLMAN, L. *Unemployment insurance*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 12. British experience under the 1911 and later acts has shown that an insurance system can be administered fairly and competently. The beginnings of insurance in this country seem to indicate its probable adoption here.

ZEINE, P. *Die soziale und wirtschaftliche Bedeutung der privaten Pensionsversicherung*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 10. Problems of the pension funds of private firms.

*Compensation—the new phase*. Survey, April 15, 1923. P. 1. The movement for exclusive state funds.

*Cost of unemployment relief in Switzerland*. Lab. Gaz. (London), March, 1923. Pp. 2.

*The economic importance of workmen's compensation insurance*. Econ. World, March 10, 1923. P. 1. Reprinted from *The General's Review*, of the General Accident, Fire and Life Assurance Corporation, Ltd., Feb., 1923. Compensation has stimulated the prevention of accidents and reduced costs of production.

*Occupational diseases under the federal compensation law—opinion of the Attorney-General*. Mo. Labor Rev., June, 1923. Pp. 8. Ruling that the compensation commissioners have power to include such diseases and that the term "personal injury" does include such diseases under the law.

## Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CORCORAN, J. F. R. *Hospital social service*. Catholic Charities Rev., May, 1923. The writer suggests a plan whereby hospital social work may be developed in the various Catholic hospitals in a given community. He is impressed with the necessity of this work and, therefore, urges its organization.

DALMAZZO, F. *Il problema legislativo dell' assistenza ai minorenni abbandonati*. Riv. Internaz., Feb., 1923. Pp. 14. Legal provision for abandoned children and ways of correlating public and private action.

MOSKOWITZ, H. *Changes in the Jewish settlement*. Jewish Center, Feb., 1923. The author says that the settlement was of Christian origin but the movement has been non-sectarian. The settlement influences the child, but has had only minor effects on the family. A new technic is suggested, but the settlement idea is a good one and public agencies cannot take its place.

MUNGER, E. *A system of classification in the New Jersey Home for Girls*. Jour. of Delinquency, March, 1923. Presents a number of excellent forms to be used in classifying and examining delinquent girls placed in an institution. These forms cover so many phases of the girls' life that they should be of great value to the institution in planning a constructive program for the girls.

O'GRADY, J. *Penniless old age*. Catholic Charities Rev., March, 1923. The writer presents interesting facts showing the number of aged poor in the state of Ohio. He estimates that there are about 117,000 persons over 65 who have not saved anything. An old age pension system is suggested as the way to meet the problem.

———. *The progress of a volunteer group*. Catholic Charities Rev., May, 1923. Discusses the work of the volunteer in connection with the development of Catholic charities, and brings out the need of a staff of trained workers, but recognizes an important place for the volunteer.

ORDAHL, G. *Diagnosis of the unstable moron*. Jour. of Delinquency, March, 1923. The purpose is to emphasize the need of the most careful psychological diagnosis



of this class of individuals. Suggests a number of practical methods of improvement.

RHYB, S. I. *Suppose nobody cared.* New Repub., May 16, 1923. A one-sided statement of the community chest idea. The writer takes the recent experience in San Francisco as his example and severely criticizes the financial federation movement. This article should be followed by one representing the aims and ideals and the accomplishments of community chests; otherwise readers cannot avoid becoming prejudiced.

SEMAN, P. L. *The psychology of advertisig and its application to the Jewish Center.* Jewish Center, Feb., 1923. A social center must employ legitimate means of attracting and holding the attention of those whom it wishes to reach. It must take a lesson from business and make its publicity attractive.

SOLIS-COHEN, E. *Woman in the Jewish Center.* Jewish Center, Feb., 1923. Writer says that women should be given an equal status with men in the Jewish Center. Activities should be so planned that women may be attracted and benefited. The article makes a number of practical suggestions as to the program and plan of development.

WRIGHT, H. W. *Mental conditions in childhood.* Jour. of Delinquency, March, 1923. Emphasizes the need of examining children in early life and discovering their mental conditions so that such institutions as the home and the school may be better able to make the most of their opportunities.

## Statistics

(Abstracts by Bruce D. Mudgett)

BLASCHKE, E. *Sulle tavole di mortalità variabili col tempo.* Giorn. di Matematica Finan., Feb., 1923. Pp. 31. Study of changes in mortality rates at various ages through the four decades 1871-1910.

BLOOD, J. B. *Law of growth in forecasting demand.* Jour. Am. Stat. Assoc., March, 1923. Pp. 3. Good criticism of the theoretic basis for the growth curve used by Raymond Prescott in his article in December, 1922, issue of the Journal.

BOWLEY, A. L. *Income in the United States.* Quart. Jour. Econ., May, 1923. Pp. 8. A critical but appreciative review of the study of incomes made by the economists of the National Bureau of Economic Research.

CAVANAUGH, L. D. *The value of statistics to accident and health insurance companies.* Econ. World, April 14, 1923. Pp. 2. Writer contends that smaller accident and health insurance companies have great need for establishing statistical departments, and that money spent on such departments will mean long-run economy. Combination of the statistical experience of all companies writing this business will assist in solving many rating and underwriting problems and will be as valuable as the same sort of thing has been to the life insurance companies.

CRUM, W. L. *The use of the median in determining seasonal variation.* Jour. Am. Stat. Assoc., March, 1923. Pp. 8. Investigation of the relative stability of the median and the arithmetic mean of link-relatives used by Professor Persons to measure seasonal variation. Studies distribution of monthly link-relatives of interest rates for period of 27 years by fitting a Charlier Type A curve and by dissecting it into two normal distributions. Concludes that median of link-relatives is more stable than mean for this series and will probably be so for historical economic series generally.

FISHER, I. "The making of index numbers." *To the editor of the Statist: the issue between us.* Statist (London), March 31, 1923. Professor Fisher, in answer to articles in the *Statist* defending its own index number and criticizing his "ideal" formula, takes up again, as in his recent book, the question whether an index number is a ratio of averages or an average of ratios, answering that it is

the latter. Reiterates his previous statement that the Statist formula is faulty, but says that in his book he overstated the seriousness of these faults.

\_\_\_\_\_. "The making of index numbers." To the editor of the *Statist*. *Statist* (London), April 7, 1923. Professor Fisher further explains and defends his two tests of an index number, the time reversal and the factor reversal tests, and uses them to evaluate the Statist index number. He further corrects an injustice done to the Statist index number through a clerical error in his book.

HALZINGER, K. J. *A combination form for calculating the correlation coefficient and ratios*. Jour. Am. Stat. Assoc., March, 1923. Pp. 5. Illustrates method of calculating constants named by working with integers rather than decimals. Formulas are given.

HURLIN, R. G. *Canadian employment statistics*. Jour. Am. Stat. Assoc., March, 1923. Pp. 8. Description of data on employment collected by Employment Service of Canada, established in 1918. Employers' returns include all industries except agriculture and all employers employing more than ten persons. Canada has, for last three years, the most complete statistical record of employment available in any country.

JENNY, O. H. *Diagramme zur Veränderung der Kosten der Lebenshaltung 1911-1922*. Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923. Pp. 7. A discussion of cost-of-living figures in Switzerland 1911-1922.

JONELI, H. and WYSS, E. *Statistik der Nationalratswahlen von 1919 und 1922*. Zeitschr. f. Schweiz. Stat. u. Volkswirts. Heft 1, 1923. Pp. 7.

ROBINSON, J. W. *Forecasting in the Edison industries*. Administration, April, 1923. Pp. 5. Continues previous articles on the same subject, in this case describing methods of speeding up issue of financial statements and of standardizing accounting procedure.

ROSSITER, W. S. *The adventure of population growth*. Jour. Am. Stat. Assoc., March, 1923. Pp. 14. A consideration of rates of increase of population in various civilized countries. "If the increase during the coming century in the population of Europe, North America, and the estimated number of persons of European blood elsewhere were to be placed at the one-third per century rate already suggested as likely to have prevailed for the period prior to 1800, the number of persons of European blood in 2020 would be 860 millions; but if the rate of increase shown for the past century by Europe and the United States combined were to be maintained to 2020, the number of persons of European blood living in that year would reach the amazing total of 1,980,000,000."

SNYDER, C. *Shall we modify our view of the business cycle?* Administration, May, 1923. Pp. 6. Author presents the modern view of the business cycle as a price and profits cycle rather than a trade cycle. By examining evidence in different fields of variations in physical volume, he concludes that the annual volume of trade probably does not vary from its normal line of growth more than five per cent.

STONE, E. L. *Forecasting the future market in a large community*. Harvard Bus. Rev., April, 1923. Pp. 13. Description of the methods used in the telephone industry to forecast demands for telephone service for periods ranging to twenty-five years in the future.

THOMPSON, W. S. *Population facts for the United States and their interpretation*. Jour. Am. Stat. Assoc., March, 1923. Pp. 13. Brief survey of some of the outstanding results thus far obtained from the 1920 census: the decrease in rate of growth; uneven growth in city and country; decline in the proportion of colored population, etc.

WATKINS, G. P. *The measurement of concomitance of variation: proposed indexes of variability and correlation based upon logarithmic curves and having reference*

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primarily to time series. Jour. Am. Stat. Assoc., March, 1923. Pp. 12. A new method proposed for study of the fluctuations of time series. To be concluded in a later number.

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WEMBRIDGE, H. A. *Experiment and statistics in the selection of employees.* Jour. Am. Stat. Assoc., March, 1923. Pp. 7. A discussion of methods of selecting machine operatives in the shops of the Joseph and Feiss Company. Their studies indicated that rating scales and tests of manual dexterity were of little value to them; and that mental tests were the most accurate and most economical methods of testing future skill.

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WINN, J. *Determination of the new normal level for commodity prices.* Annalist, April 16, 1923. Pp. 2. By an empirical method the writer endeavors to determine the probable normal price level for the next five years. The method consists essentially in obtaining the ratio "money stock ÷ price index" and drawing a free-hand trend curve through this series of ratios. Conclusion is reached that the normal level at which prices will become stabilized is materially above present prices.

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ZUGARO, F. *Una statistica internazionale delle spese militari.* Giorn. d. Econ., Jan., 1923. Pp. 19.

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*Final report of the Joint Committee of the American Statistical and American Economic Associations to the Director of the Census, 1922.* Jour. Am. Stat. Assoc., March, 1923. Pp. 22.

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## DOCUMENTS, REPORTS AND LEGISLATION

### Industries and Commerce

From the United States Tariff Commission have been received revised editions of the Tariff Information Surveys on *Cotton Knit Goods* (Washington, 1923, pp. 74), *Wool Knit Goods* (pp. 38), *Cotton Wearing Apparel* (pp. 37), *Hose for Conducting Liquids or Gases* (pp. 19), *Nets and Seines* (pp. 14), *Bags of Jute and Cotton* (pp. 36), all on the articles in various paragraphs of the Tariff act of 1913; and one on the articles in paragraph 323 of the same act, dealing with *Tissue, Bibulous, and Filter Paper, Parchment Paper, etc.* (1923, pp. 34). The Commission has also issued *The Relations of the Tariff on Sugar to the Rise in Price of February-April 1923* (pp. 26), containing several tables and a chart of sugar prices, 1912-1923.

The Federal Trade Commission has published reports on the following industries:

*House Furnishings Industries*. Vol. I, *Household Furniture* (Washington, January 17, 1923, pp. 484, price 60 cents). Part I deals with prices and profits of manufacturers and dealers; part II, with competitive conditions; and there are charts, diagrams, tables, and six appendixes.

*Foreign Ownership in the Petroleum Industry* (February 12, 1923, pp. 152, price 15 cents). Chapter II deals with the Royal Dutch-Shell group; chapter IV, with foreign interests in the United States; and chapter V, with restrictive policies and administrative practices of foreign corporations.

*Western Red Cedar Association, Lifetime Post Association, Western Red Cedarmen's Information Bureau* (January 24, 1923, pp. 22).

*Cotton Trade* (February 26, 1923, pp. 28). A preliminary report.

Hearings before a subcommittee of the Senate Committee on Manufactures on the *High Cost of Gasoline and Other Petroleum Products* have been published in two volumes (67 Cong., 2 and 4 Sess., 1923, pp. 1769).

The Hearing before the Senate Committee on Agriculture and Forestry on S. 4110 *To Amend the Packers and Stockyards Act, 1921* (67 Cong., 4 Sess.) has been printed under date of February 14, 1923 (Washington, Gov. Prtg. Office, pp. 19); also, Hearings before a subcommittee of the same Committee on S. Res. 389, *Proposed Merger of Meat-Packing Corporations* (67 Cong., 4 Sess.), January 8, 9, and 10, 1923 (pp. 30).

*A Summary of Agricultural Statistics* has been prepared for the use of the Committee on Agricultural Outlook, by the Bureau of Agricultural Economics of the United States Department of Agriculture (Washington, April, 1923, pp. 30, cyclostyled).

*Report of the Massachusetts Special Commission on the Necessaries of Life* (Boston, January, 1923, pp. 288) contains chapters on general considerations, recommendations, and the cost of living, also many exhibits and tables.

The University of Minnesota Agricultural Experiment Station (St. Paul) has issued:

Bull. 201, *Organization and Management of Local Livestock Shipping Associations in Minnesota*, by E. W. Gaumnitz and J. D. Black (December, 1922, pp. 77).

Bull. 202, *Farmers' Coöperation in Minnesota, 1917-1922*, by H. Bruce Price (January, 1923, pp. 78).

The publicity committee of the Minnesota Chamber of Commerce has issued a pamphlet on *Orderly Marketing*, which deals with "the unfortunate position of the producer of apples, onions, potatoes, etc., as compared with the producer of wheat."

The Merchants' Association of New York has published the report by the committee on city traffic on the *City Transit Problem* (New York, January, 1923, pp. 92) and maps and diagrams.

A leaflet entitled *Coal Situation as of May 1, 1923* has been printed by the Chamber of Commerce of the United States, Washington, D. C.

From the General Policies Committee of Anthracite Operators (437 Chestnut St., Philadelphia) may be obtained the following pamphlets, which were submitted to the United States Coal Commission during April and May, 1923: *The Anthracite Coal Strike of 1922, a Statement of Its Causes and Underlying Purposes* (pp. 8); *The Anthracite Emergency of 1922-1923 and How It Was Handled* (pp. 22); *Outlaw Strikes in the Anthracite Fields* (pp. 15); *Union Rules and Practices Limiting Output and Impairing Efficiency in the Anthracite Fields* (pp. 12); *Need for Greater Democracy in the Union* (pp. 11).

## Corporations

Hearings before a subcommittee of the Senate Committee on Interstate Commerce on H. R. 10,598, *Regulating Sale of Securities* (67 Cong., 4 Sess., 1923, pp. 201) have been printed.

The following reports dealing with public utilities have been received: *Ninth Annual Report of the Public Utilities Commission of the District of Columbia, 1921* (Washington, 1922, pp. 234).

*Report of the Public Service Commission of Maryland for the Year 1922* (Baltimore, 1923, pp. 493).

*Thirty-seventh Report of the Railroad and Warehouse Commission of the State of Minnesota for the Biennial Period Ending November 30, 1922* (St. Paul, pp. 785).

## Labor

The following publications of the United States Department of Labor have been received:

From the Bureau of Labor Statistics,  
No. 312, *National Health Insurance in Great Britain, 1911 to 1921*, by H. J. Harris (Washington, April, 1923, pp. 103).



- No. 322, *Kansas Court of Industrial Relations* (April, 1923, pp. 51).  
 No. 324, *Wages and Hours of Labor in the Boot and Shoe Industry: 1907 to 1922* (March, 1923, pp. 118).  
 No. 325, *Union Scale of Wages and Hours of Labor, May 15, 1922* (April, 1923, pp. 210).  
 No. 327, *Wages and Hours of Labor in Woolen and Worsted Goods Manufacturing, 1922* (May, 1923, pp. 34).  
 No. 329, *Wages and Hours of Labor in the Men's Clothing Industry, 1911 to 1922* (May, 1923, pp. 39).

From the Children's Bureau,

- No. 112, *Infant Mortality: Results of a Field Study in Gary, Indiana, Based on Births in One Year*, by Elizabeth Hughes (1923, pp. 122).  
 No. 115, *Child Labor and the Work of Mothers in the Beet Fields of Colorado and Michigan* (1923, pp. 122).  
 No. 116, *Standards and Problems Connected with the Issuance of Employment Certificates* (1923, pp. 67). Proceedings of conference held under the auspices of the United States Children's Bureau and the National Education Association at Boston, July, 1922.

*Annual Report of the Massachusetts Department of Labor and Industries, 1922* (Boston, 1923, pp. 44) has been printed as Public Document no. 104.

### Money, Prices, Credit, and Banking

*The Annual Report of the Comptroller of the Currency, December 4, 1922* (Treasury Dept., Washington, 1923, pp. 171) has been received.

Hearings before the House Committee on Banking and Currency (67 Cong., 4 Sess.) have been issued under the following titles:

*Federal Farm Loan Act*, on H. R. 13125. Contains statements of H. M. Towner, C. E. Lobdell, M. O. McLaughlin, and others, made in December, 1922, and January, 1923, to amend various sections of the act of 1916 (1923, pp. 270).

*Rural Credits*, on S. 4280 (H. R. 13033) in two parts (1923, pp. 351). Hearings were held in April and May, 1922, and in January and February, 1923, "to provide for the incorporation and supervision of corporations formed for the purpose of making agricultural and live-stock loans; to amend the Federal Reserve act; to amend the Federal Farm Loan act; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States; and for other purposes." The statements of F. H. Bixby, J. Sheehan, W. Pollman, and Eugene Meyer, Jr., on S. 4063 (H. R. 13033), November 24, 1922, have been printed as a separate (1922, pp. 18).

*Stabilization of Purchasing Power of Money*, on H. R. 11788, in two parts (1923, pp. 164). Part I contains statements of Irving Fisher, J. H. Rogers, W. I. King, R. D. Kent, and others, December, 1922; part II gives the opposition and rebuttal, January, 1923.

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The speech of Hon. T. Alan Goldsborough in the House of Representatives, February 17, 1923, has been printed under the title, *Fortifying the Federal Reserve System against Inflation and Deflation* (Gov. Prtg. Office, Washington, pp. 7).

The House of Representatives has printed as separates (67 Cong., 4 Sess.) *Federal Farm Loan Act*, Report no. 1578, (pp. 10); and *Letter from the Secretary of the Treasury Transmitting the Sixth Annual Report of the Federal Farm Loan Board, 1922*, Document no. 560 (pp. 22).

A new edition of the *Federal Reserve Act* as amended to March 4, 1923, with an appendix containing various provisions of certain acts of Congress which affect, directly or indirectly, the operations of federal reserve banks and banks which are members of the federal reserve system, has been compiled under the direction of the Federal Reserve Board (Washington, 1923, pp. 120, price 15 cents).

The following separate annual reports for 1922 of the several district reserve banks have been received: Atlanta (pp. 69); Boston (pp. 68); Chicago (pp. 48); Cleveland (pp. 30); Dallas (pp. 89); Kansas City (pp. 24); Minneapolis (pp. 19); New York (pp. 62); Philadelphia (pp. 34); Richmond (pp. 101); St. Louis (pp. 42).

*Annual Report of the New Jersey Commissioner of Banking and Insurance Relative to Building and Loan Associations, June 30, 1922* (Trenton, 1922, pp. 181) has been published.

The National Shawmut Bank of Boston has compiled a *Bank Directory of New England* in pocket size (January, 1923, pp. 215).

## Public Finance

*The Annual Report of the Secretary of the Treasury on the State of the Finances of the Fiscal Year June 30, 1922* (Treasury Dept., Washington, 1923, pp. 976) has been published.

State reports dealing with taxation have been received as follows:

*Eleventh Annual Report of the Colorado Tax Commission, 1922* (Denver, 1923, pp. 127).

*Annual Report of the State Board of Tax Commissioners of Indiana for the Year Ending September 30, 1922* (Indianapolis, 1923, pp. 104), reprinted from the *Year Book*.

*Annual Report of the Massachusetts Commissioner of Corporations and Taxation, 1922* (Boston, 1923, pp. 177).

*Seventh Annual Report of the State Board of Taxes and Assessment of New Jersey, for the Year Ending June 30, 1922* (Trenton, 1922, pp. 820).

## Insurance and Workmen's Compensation

*Twelfth Annual Report of the United States Steel and Carnegie Pension Fund, 1922* (Pittsburgh, Pa., 1923, pp. 9) has been issued.

The following reports dealing with workmen's compensation have been received:

*Sixth Annual Report of the United States Employees' Compensation Commission, 1922* (Gov. Prtg. Office, Washington, 1922, pp. 111).

*Report for 1922 of the Workmen's Compensation Board of Nova Scotia* (Halifax, N. S., 1923, pp. 32).

### Demography

*Mother Tongue of the Foreign White Stock* has been reprinted from the Fourteenth Census of the United States, Population: 1920, chapter X, vol. II (Washington, Bureau of the Census, 1923, pp. 967-1037).

Hearings before the House Committee on Immigration and Naturalization (67 Cong., 3 Sess.) on *Analysis of America's Modern Melting Pot*, Serial 7-C (Washington, 1923, pp. 725-831), containing statement of Harry H. Laughlin, have been printed; also (67 Cong., 2 Sess.) *Hearings on Immigration for Fiscal Year Ended June 30, 1922*, Serial 6-B (1922, pp. 593-625), containing statements of W. W. Husband and R. C. White.

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## TWENTIETH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNI- VERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows:

- Second list, 1905, in third series, vol. vi, p. 737.
- Third list, 1906, in third series, vol. vii, 3, supplement, p. 43.
- Fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42.
- Fifth list, 1908, in the *Bulletin* for April, 1908, p. 69.
- Sixth list, 1909, in the *Bulletin* for April, 1909, p. 16.
- Seventh list, 1910, in the *Bulletin* for March, 1910, p. 12.
- Eighth list, 1911, in the *Review* for March, 1911, p. 212.
- Ninth list, 1912, in the *Review* for June, 1912, p. 519.
- Tenth list, 1913, in the *Review* for June, 1913, p. 527.
- Eleventh list, 1914, in the *Review* for June, 1914, p. 524.
- Twelfth list, 1915, in the *Review* for June, 1915, p. 476.
- Thirteenth list, 1916, in the *Review* for June, 1916, p. 499.
- Fourteenth list, 1917, in the *Review* for June, 1917, p. 485.
- Fifteenth list, 1918, in the *Review* for June, 1918, p. 459.
- Sixteenth list, 1919, in the *Review* for June, 1919, p. 433.
- Seventeenth list, 1920, in the *Review* for September, 1920, p. 692.
- Eighteenth list, 1921, in the *Review* for June, 1921, p. 388.
- Nineteenth list, 1922, in the *Review* for June, 1922, p. 380.

## Theory and Its History

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- HUGH MACKAY FLETCHER, B. A., British Columbia, 1919; A. M., Stanford, 1920. The attitude of early American economists toward certain doctrines of Adam Smith. 1924. *Stanford*.
- CARL WILLIAM HASEK, A. B., Lehigh, 1911; A. M., Harvard, 1914. The introduction of Adam Smith's doctrines into Germany. 1924. *Columbia*.
- WILLIAM WALLACE HEWETT, A. B., Swarthmore, 1920; A. M., Pennsylvania, 1922. A definition of income. 1924. *Pennsylvania*.
- JOSEPH BRADLEY HUBBARD, A. B., Wisconsin, 1912; A. M., 1913. Economic thought in patristic literature. 1923. *Harvard*.
- ELIZABETH PINNEY HUNT, A. B., Bryn Mawr, 1912. Some unpublished writings of Arthur Young. 1924. *Bryn Mawr*.
- ARTHUR J. MERTZKE, A. B., Wisconsin, 1916. Development of economic theory in the South prior to the Civil War. 1924. *Wisconsin*.
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- BERTIL GOTTHARD OHLIN, Lic. Phil., Stockholm, 1922. Contributions to the theory of interregional and international trade. 1923. *Harvard*.
- PEDRO AGUILAR SANTIAGO, Ph. B., Chicago, 1921. Correlation of economics and accounting. 1924. *Columbia*.
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- MANDELL MORTON BOBER, S. B., Montana, 1918; A. M., Harvard, 1920. The economic interpretation of history. 1924. *Harvard*.
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- LUCY BRANHAM, A. B., Washington, 1911; A. M., Johns Hopkins, 1914. The history of labor and politics in New York. 1923. *Columbia*.
- ROTH CLAUSING, A. B., Ohio Wesleyan, 1912; A. M., Columbia, 1917. Theories of the colonate. 1923. *Columbia*.
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- JOSEPH A. GEDDES, A. B., Brigham Young College, 1907; A. M., Columbia, 1913. Some economic aspects of the settlement and growth of Franklin County, Idaho. 1923. *Columbia*.
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- HENRY FRANCIS JAMES, Ph. B., Wisconsin, 1915; Ph. M., 1920. Geography of the Allegheny Plateau. 1924. *Pennsylvania*.
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- ELINOR EVANGELINE PANCOAST, Ph. B., Chicago, 1917; A. M., 1922. The life and work of Frances Wright. 1924. *Chicago*.
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- MARY STEWART, S. B. in Ed., Pennsylvania, 1918; A. M., 1919. History of the internationalizing of European rivers. 1923. *Pennsylvania*.
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- MARK CARTER MILLS, A. B., Earlham College, 1916; A. M., Indiana, 1922. The financing of agricultural coöperative associations. 1924. *Columbia*.
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- FRED R. YODER, A. B., Lenair, 1910; A. M., North Carolina, 1915. Social aspects of farm tenancy. 1923. *Wisconsin*.

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- JOHN ROSS BURNS BYERS, B. S., Pittsburgh, 1918; M. S., Columbia, 1920. The economics of the Portland cement industry. 1924. *Columbia*.
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- ALFRED HECTOR WILLIAMS, B. S. in Econ., Pennsylvania, 1915; A. M., 1916. Certain phases of the carpet manufacturing industry. 1924. *Pennsylvania*.

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- EDWARD TAYLOR BULLOCK, A. B., Michigan, 1910; A. M., 1912. The financial aspects of highway construction. 1923. *Harvard*.
- HUGH CAMPBELL FRAME, A. B., Dalhousie, 1917; A. M., Harvard, 1920. The division of joint freight rates. 1924. *Harvard*.
- VAN BREED HART, S. B., Cornell, 1916. Farm motor trucks in New York state. 1923. *Cornell*.
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- RAYMOND HAROLD KINNEY, A. B., Oregon, 1920. Highway transportation. 1924. *Pennsylvania*.
- ROLAND LAIRD KRAMER, S. B., Pennsylvania, 1919; A. M., 1921. The history of export and import railroad rates and their effect upon the foreign trade of the United States. 1923. *Pennsylvania*.
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- ANDREW JACKSON NEUMAN, A. B., University of Washington, 1910; M. A., 1911. Port of San Francisco. 1924. *California*.
- MARIUS RANSON, A. B., Cincinnati, 1918. The cyclization of the railroad industry. 1924. *Columbia*.
- CLYDE L. SWEETING, A. B., Harvard, 1914; A. M., Syracuse, 1922. Relation of business cycles to transportation. 1923. *Syracuse*.
- Hsuan Wang, A. B., Syracuse, 1919; A. M., 1920. Federal regulation of railroad securities. 1924. *Columbia*.

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- GEORGE WILLIAM BROWN, A. B., Toronto, 1915. History of trade relations between Canada and the United States. 1924. *Chicago*.
- HENRY L. DEIMEL, JR., A. B., California, 1920. The Mexican market for San Francisco exporters. 1923. *Cornell*.
- WALTER RICHMOND GARDNER, A. B., Brown, 1920; A. M., 1921. The export of capital from Germany, 1890-1914. 1925. *Harvard*.
- CLARENCE I. HENDRICKSON, S. B., Wisconsin, 1918; A. M., 1921. Marketing of live stock. 1924. *Wisconsin*.
- MAURICE BECK HEXTER, A. B., Cincinnati, 1912. Certain social correlations of the business cycle. 1923. *Harvard*.
- HAROLD S. IRWIN, S. B., Iowa State, 1917; S. M., Wisconsin, 1922. The Chicago milk marketing situation. *Wisconsin*.
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- ROBERT LOUIS MASSON, A. B., Iowa, 1912; A. M., 1915; A. M., Harvard, 1922. The international trade of Australasia. 1924. *Harvard*.
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- ERNEST HUGH SHIDELER, A. B., Ottawa, 1915; A. M., Chicago, 1917. The chain store as an index of community organization. 1923. *Chicago*.
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- THOMAS J. ANDERSON, JR., A. B., Missouri, 1922. Employment relations in the bituminous coal industry. 1925. *Missouri*.
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- FRANCIS JOSEPH BOLAND, A. B., Notre Dame, 1918. The relation of wage rates to industrial depression. 1924. *Catholic University*.
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- CHARLES PADDOCK JOHNSON, A. B., Trinity, 1916; A. M., Princeton, 1917. Collective bargaining in the New York building trades. 1924. *Princeton*.
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- SYLVIA BEATRICE KOPALD, A. B., Barnard, 1920; A. M., Columbia, 1921. The insurgent movement among the United Miners. 1923. *Columbia*.
- VINCENT WESLEY LANFAR, A. B., Texas, 1917; A. M., 1919. Effect of the recent business cycle on the American labor movement. *Columbia*.
- HAROLD ADAMS LOGAN, A. B., Arcadia, 1912; A. B., Yale, 1913. Organized labor in Canada. 1924. *Chicago*.
- ARTHUR FLETCHER LUCAS, A. B., Bates, 1920. The minimum wage in Massachusetts. 1924. *Princeton*.
- GEORGIANA PUTNAM MCENTEE, A. B., Mt. Saint Vincent, 1918; A. M., Columbia, 1919. The labor problem and the social Catholic movement in Great Britain. 1923. *Columbia*.
- AMY LAWRENCE MARTIN, A. B., Bryn Mawr, 1915. Labor organization in the English coal industry. 1924. *Bryn Mawr*.
- ROYAL EWERT MONTGOMERY, Ph. B., Chicago, 1921; A. M., 1923. The building trades in Chicago. 1924. *Chicago*.
- EDWARD W. MOREHOUSE, A. B., Amherst, 1918; A. M., Wisconsin, 1920. Working rules in the men's clothing industry. 1924. *Wisconsin*.
- VICTOR PIERPONT MORRIS, A. B., Oregon, 1915; A. M., 1920. Oregon minimum wage law. 1923. *Columbia*.
- MICHAEL ALOYSIUS MULCAIRE, A. B., Notre Dame, 1917. The International Brotherhood of Electrical Workers. 1923. *Catholic University*.
- GLADYS PALMER, A. B., Barnard, 1917. History of collective bargaining in the lace industry. 1924. *Pennsylvania*.
- JACOB PERLMAN, A. B., Wisconsin, 1919; A. M., 1922. History of the Brotherhood of Locomotive Engineers in America. 1924. *Wisconsin*.
- DOROTHY EDITH POOR, A. B., Reed, 1920. Organization of labor among the non-train-service railway workers. 1924. *Chicago*.
- LEO ROGIN, A. B., Rutgers, 1916. The relation between farm and labor movements since the Civil War. 1924. *Columbia*.
- NATHAN SCHAVIRO, A. B., Chicago, 1914. The effect of unemployment on the policies of labor organizations. 1924. *Columbia*.
- WILLIAM FRANKLIN SPAFFORD, A. B., Rochester, 1915; A. M., Columbia, 1922. Development of the government's policy toward railroad labor. 1924. *Columbia*.
- BORIS STERN, A. B., Harvard, 1918. Works council movement in Germany. 1924. *Columbia*.
- FRANK TANNENBAUM, A. B., Columbia, 1921; A. M., 1923. The railroad labor movement in the United States. 1924. *Columbia*.
- BAYARD W. TAYLOR, B. A., Beloit, 1918. The organization of labor markets, with special reference to the Minneapolis territory. 1925. *Minnesota*.

- RENÉ E. G. VAILLANT, Bachelier ès Lettres, Lille, 1908; LL. B., LL. M., 1910-1911. Unemployment in France. 1924. *Columbia*.
- FREDERICK CORTLAND WAGNER, S. B., Columbia, 1914; A. M., 1916. Incorporation of unions. 1923. *Chicago*.
- FRANK B. WARD, A. B., Denison, 1917; A. M., Cincinnati, 1920. Wage decisions of the United States Railroad Labor Board. 1924. *Pennsylvania*.
- V. R. WERTZ, S. B., Wisconsin, 1919; S. M., 1920. Collective bargaining by agricultural groups. *Wisconsin*.
- VERTREES J. WYCKOFF, A. B., Johns Hopkins, 1920. Policies of trade unions in a period of industrial depression. 1923. *Johns Hopkins*.

## Money, Prices, Credit, and Banking

- JAMES W. ANGELL, A. B., Harvard, 1918; A. M., 1921. International price levels. 1923. *Harvard*.
- ERNST H. D. ARNDT, A. B., University of South Africa, 1921. Banking in South Africa. 1923. *Columbia*.
- HAGGOTT BECKHART, A. B., Princeton, 1919; A. M., Columbia, 1920. The discount policy of the federal reserve system. 1924. *Columbia*.
- STANLEY R. BLACK, A. B., Colgate, 1921. The investments of mutual savings banks. 1924. *Johns Hopkins*.
- LINO JUAN CASTILLEJO, A. B., George Washington, 1919; A. M., 1920. Philippine currency and finance during the Spanish régime. 1924. *Princeton*.
- GEORGE H. EVANS, JR., A. B., Johns Hopkins, 1920. Federal reserve notes. 1924. *Johns Hopkins*.
- VITHAL B. GANDHI, A. B., Bombay, 1919; A. M., Columbia, 1922. Currency and exchange problems in India. 1924. *Columbia*.
- FRED L. GARLOCK, A. B., Iowa, 1920; A. M., Columbia, 1921. Rural credits in the United States. *Columbia*.
- BARTOW GRIFFISS, A. B., Johns Hopkins, 1920. The call money rate in the New York money market. 1923. *Johns Hopkins*.
- LINCOLN WITHINGTON HALL, B. S. in Econ., Pennsylvania, 1920; A. M., 1921. A study of the cyclical fluctuations occurring in the national bank system during the years 1903 to 1921. 1923. *Pennsylvania*.
- BENJAMIN S. LEVIN, A. B., Johns Hopkins, 1922. The federal farm loan system. 1925. *Johns Hopkins*.
- TSAO CHIEN LI, A. B., Michigan, 1920; A. M., Harvard, 1921. The recent history of silver and its effect on eastern exchange. 1923. *Columbia*.
- HARRY E. MILLER, A. B., Boston University, 1919; A. M., Harvard, 1920. Banking theories in the United States before 1860. 1923. *Harvard*.
- MARIAN RUBINS, A. B., Smith, 1920; A. M., Minnesota, 1922. Interest rates in the United States from 1908-1921. 1924. *Columbia*.
- FRANKLIN WINTON RYAN, A. B., Baker University, 1910. Usury and usury laws; an analysis of the effect of state statutory maximums for interest rate upon lending operations in the United States. 1923. *Harvard*.
- JOHN E. SCHIAVO, A. B., Johns Hopkins, 1919. The fluctuations of Italian exchange. 1924. *Columbia*.

- SHIRLEY DONALD SOUTHWORTH, A. B., Princeton, 1918; A. M., 1921. A history of the interest rate since 1879. 1923. *Princeton*.
- WALTER E. SPAHR, A. B., Earlham, 1914; A. M., Wisconsin, 1917. Clearings and collections of checks in the United States. 1924. *Columbia*.
- EARLE SYLVESTER SPARKS, A. B., Texas, 1919; A. M., 1920. Agricultural credit. *Harvard*.
- LELAND SPENCER, S. B., Cornell, 1918. The use of store credit by farmers. 1923. *Cornell*.
- WEN KAI TANG, A. B. Carleton, 1919; A. M., Chicago, 1920. Banking concentration in the United States. 1923. *Columbia*.
- CHARLES SANFORD TIPPETS, Litt. B., Princeton, 1916; A. M., 1922. State banks and the federal reserve system. 1923. *Princeton*.
- ALVIN SAMUEL TOSTLEBE, A. B., Iowa State Teachers College, 1916; A. M., Columbia, 1920. The Bank of North Dakota: an experiment in agrarian banking. 1924. *Columbia*.
- JOHN H. WELLENKAMP, A. B., Columbia, 1913; A. M., 1914. State banks and the collection system of the federal reserve banks. 1924. *Columbia*.
- FAITH MOORS WILLIAMS, A. B., Wellesley, 1915; A. M., Columbia, 1920. Social consequences of monetary inflation in Germany, 1914-1922. 1923. *Columbia*.
- LUCY BARTON WINSOR, A. B., Vassar, 1919; A. M., Stanford, 1921. Swindling in the sale of securities and the blue sky laws as a remedy. 1924. *Columbia*.

## Public Finance, Taxation, and Tariff

- ROY C. ATKINSON, A. B., Western Reserve, 1917. One per cent tax law in Ohio. 1923. *Columbia*.
- E. C. BANCROFT, A. B., Arcadia, 1914; A. B., Yale, 1915. The financial history of Connecticut since 1861. 1924. *Yale*.
- HARRY ALVIN BARTH, A. B., Washington University, 1914; A. M., 1921. A revision of the expending system of the state of Pennsylvania, with a consideration of state budgetary procedure and state accountancy. 1923. *Pennsylvania*.
- FLOYD F. BURTCHETT, A. B., North Dakota, 1920; A. M., California, 1921. A history of the American colonial coal tax with a chapter on its theory and incidence. 1924. *Wisconsin*.
- HELEN DORIS FALKNER, A. B., Baldwin-Wallace, 1918; LL.B., Cleveland Law School, 1917. Significance of the terms capital and income under the federal tax laws. 1924. *Yale*.
- WILLIAM THOMAS HUTCHINSON, A. B., Rutgers, 1916; A. M., Columbia, 1917. A history of land grants as compensation for military service. 1924. *Chicago*.
- HEAM L. JOME, A. B., St. Olaf, 1918; A. M., 1920. Methods of tax equalization in the various states. 1924. *Wisconsin*.
- ALBERT SAMUEL KEISTER, A. B., Otterbein, 1910; A. M., Columbia, 1911. High school text in finance. 1924. *Chicago*.
- EARLE HOYT KETCHAM, Ph. B., Chicago, 1919; A. M., Michigan, 1921. History and interpretation of the income tax amendment. 1923. *Illinois*.
- LANE W. LANCASTER, A. B., Ohio Wesleyan, 1915; A. M., Illinois, 1918. State supervision of municipal finance. 1923. *Pennsylvania*.
- TING MIEN LIU, A. B., Michigan, 1920; A. M., Ohio Wesleyan, 1921. A comparative study of the tariff systems of the powers. 1923. *Columbia*.

- AUSTIN FAULK MACDONALD, B. S. in Econ., Pennsylvania, 1920; A. M., Pennsylvania, 1921. Federal subsidies to the states. 1923. *Pennsylvania*.
- WILLIAM RUSSELL MAXWELL, A. B., Dalhousie, 1920; A. M., Harvard, 1921. The public land policy of the Dominion of Canada. 1924. *Harvard*.
- CHUNJIEN PAO, A. B., Pekin, 1919; A. M., Columbia, 1921. The business tax. 1924. *Columbia*.
- HARVEY WHITFIELD PECK, A. M., Yale, 1907; Ph. D., 1913. Contemporary fiscal theories. 1924. *Columbia*.
- HERBERT D. SIMPSON, A. B., Princeton, 1902; A. M., Princeton, 1904. The taxation of public utility corporations. 1925. *Wisconsin*.
- LOUIS EDWIN SMART, A. B., Ohio State, 1917. The inheritance tax in American commonwealths. 1925. *Ohio State*.
- JOHN MCKEE STRATTON, LL. B., Colorado, 1917. The interallied debts. 1924. *Columbia*.
- CHARLES PRESSLEY WHITE, A. B., Park College, 1920; A. M., Pennsylvania, 1922. Corporation taxation in Pennsylvania. 1924. *Pennsylvania*.
- TIEN SHON YANG, A. B., Lawrence, 1921; A. M., Columbia, 1922. Foreign restrictions on China's finance. 1923. *Columbia*.

### Population and Migration

- MARCUS LEE HANSON, A. B., Iowa, 1916; A. M., 1917. The volume and distribution of immigration, 1820-1860. 1923. *Harvard*.
- CARL SMITH JOSLYN, A. B., Harvard, 1920. Immigration and the American labor market, 1880-1910. 1924. *Harvard*.
- VIVIAN KELLEMS, A. B., Oregon, 1918; A. M., 1921. Social control of population. 1924. *Columbia*.
- W. RUSSELL TYLOR, A. B., Swarthmore, 1911; A. M., Wisconsin, 1916. Natural increase in contemporary population. 1923. *Wisconsin*.

### Social Problems and Reforms

- RAY E. BARBER, A. B., Campbell, 1913; A. M., Wisconsin, 1920. Changes in the size of American families in the last generation. 1923. *Wisconsin*.
- ELIZABETH FAULKNER BAKER, A. B., California, 1914. Protective legislation for women in the state of New York. 1924. *Columbia*.
- JOSEPH DUFFNER BECKER, A. B., Routt College, 1920; A. M., Catholic University, 1921. The problem child in the home and school. 1924. *Catholic University*.
- LLOYD E. BLAUCH, A. B., Goshen, 1915; A. M., Chicago, 1917. History of federal legislation for industrial education. 1923. *Chicago*.
- EMERSON O. BRADSHAW, Ph. B., Chicago, 1910; A. M., 1911. Social forces affecting the life of the industrial community. 1923. *Chicago*.
- BEULAH BELLE BRILEY, S. B., Iowa State, 1917; S. M., 1920. The economic efficiency of the single family as a household unit. 1923. *Iowa*.
- EVELYN BUCHAN, Ph. B., Chicago, 1920; A. M., 1922. A study of the distribution of girl delinquency by nationality in Chicago. 1924. *Chicago*.



- WILLIAM FISHER BYRON, S. B., Pennsylvania, 1914. Case studies of juvenile delinquents with institutional experience. 1923. *Chicago*.
- ALICE SQUIRES CHEYNEY, A. B., Vassar, 1909. A definition of social work. 1923. *Pennsylvania*.
- ROY J. COLBERT, A. B., DePauw, 1914; A. M., Wisconsin, 1922. Organization and administration of community social work agencies. 1925. *Wisconsin*.
- MARY HELEN DODD, A. B., Tufts, 1913; A. M., Columbia, 1922. The corporation schools. 1924. *Columbia*.
- WARNER E. GETTYS, A. B., Hiram, 1914; A. M., Ohio State, 1916. The Malabites: a study of degenerates. 1923. *Ohio State*.
- MIRIAM THERESA GLEASON, A. B., Minnesota, 1912; A. M., Oregon, 1916. Protective legislation for women and children. 1925. *Catholic University*.
- JACOB GREENBERG, A. B., College of the City of New York, 1904; A. M., Columbia, 1905. Psychology of revolution. 1924. *Columbia*.
- ERNEST BOVEDIN HARPER, A. B., Virginia, 1916. Socio-analysis of character. 1923. *Chicago*.
- EDITH HAWLEY, B. S., Columbia, 1919; M. A., Columbia, 1920. Mass nutrition of children. 1924. *Stanford*.
- NORMAN SYLVESTER HAYNER, A. B., Washington, 1920; A. M., Chicago, 1921. The hotel population of Chicago: an aspect of the housing problem. 1923. *Chicago*.
- MARGARET TRABUE HODGEN, B. L., California, 1913. Workers' education: history and interpretation. 1923. *California*.
- FLOYD NELSON HOUSE, A. B., Colorado, 1918; A. M., 1919. Industrial morale. 1924. *Chicago*.
- WILLIAM HENRY JONES, A. B., Washburn, 1918; A. M., Chicago, 1919; D. B., Chicago Theological seminary, 1921. Negro vice in the city of Chicago. 1923. *Chicago*.
- SAMUEL C. KINCHELOE, A. B., Drake, 1916; A. M., Chicago, 1919. The prophet. 1923. *Chicago*.
- RUSSELL R. KLETZING, A. B., Northwestern, 1914. The place of the church in the growth of the functional idea of economic distribution. 1924. *Chicago*.
- FAY BERGER KARPF, A. B., Northwestern, 1914. American social psychology. 1923. *Chicago*.
- OSWALD ROTHSAY, LAVERS, A. B., Queen's, 1913; A. M., Chicago, 1920. The social significance of housing. 1923. *Chicago*.
- ANN HAROLD MARTIN, Ph. B., Chicago, 1910. The conflict myth. 1923. *Chicago*.
- ERNEST RUSSELL MOWRE, A. B., Kansas, 1918; A. M., Chicago, 1921. Family disorganization. 1923. *Chicago*.
- ELLA R. RALSTON, A. B., Hunter, 1917; A. M., New York University, 1919; LL. B., Fordham, 1921. Methods of teaching economics. 1924. *Columbia*.
- WILEY BRITTON SANDERS, A. B., Emory, 1919; A. M., 1921; A. M., North Carolina, 1921. Juvenile courts in North Carolina. 1924. *Chicago*.
- CLIFFORD RAY SHAW, A. B., Adrian, 1919. Juvenile delinquency. 1924. *Chicago*.
- JOHN ALBERT TILLEMA, A. B., Hope, 1914; A. M., Michigan, 1921. The influence of natural law on United States government and law. 1924. *Illinois*.
- ERLE FISKE YOUNG, Ph. B., Chicago, 1917; A. M., 1920. Race prejudice. 1923. *Chicago*.

## Insurance and Pensions

- OLGA L. HALSEY, A. B., Wellesley, 1912; A. M., Wellesley, 1916. Unemployment insurance. 1924. *Wisconsin*.
- HARRY JAMES LOMAN, B. S. in Econ., Pennsylvania, 1919. The insurance of foreign credits. 1923. *Pennsylvania*.
- EDWARD LAURENCE McKENNA, A. B., Columbia, 1913; A. M., Illinois, 1914. Title insurance. 1923. *Pennsylvania*.
- DAVID W. SHERWOOD, S. B., Union, 1921. The New York state insurance fund. 1924. *Columbia*.

## Pauperism, Charities, and Relief Measures

- CIPRIAN EMANUEL, O. F. M., Franciscan Seminary, St. Louis, 1918. The charities of St. Vincent de Paul. 1923. *Catholic University*.
- RALPH P. HOLBEN, A. B., Franklin and Marshall, 1913; A. M., Pennsylvania. Poverty with relation to education. 1923. *Pennsylvania*.

## Socialism and Co-operative Enterprises

- SAMUEL BERNSTEIN, A. B., College of the City of New York, 1919; A. M., Columbia, 1920. The origins of the guild socialist movement in England. 1923. *Columbia*.

## Statistics and Its Methods

- OLIN WINTHROP BLACKETT, A. B., Wesleyan, 1917; A. M., 1920. A statistical study of the iron and steel industry and the business cycle. 1924. *Harvard*.
- MARGARET ELLIOTT, A. B., Wellesley, 1914; A. M., Radcliffe, 1921. Occupational statistics. 1924. *Radcliffe*.
- URIAH ZVI ENGELMANN, A. B., California, 1920; A. M., Columbia, 1921. A comparative study of census methods. 1924. *Columbia*.
- W. W. FETROW, S. B., Kansas Agricultural; S. M., Wisconsin, 1922. Agricultural index numbers. 1924. *Wisconsin*.
- EDWARD G. PUNKE, S. B., Hastings, 1916. The effects of industrial depressions on marriage and birth rates. 1923. *Pennsylvania*.
- JOHN RANDOLPH RIGGLEMAN, A. B., Cornell College, 1918; M. B. A., Harvard, 1920. Graphic methods in the analysis and presentation of business statistics. 1924. *Harvard*.
- JOSEPH LYONS SNIDER, A. B., Amherst, 1915; A. M., Harvard, 1918. A statistical study of wholesale commodity prices in the United States, 1866-1891. 1923. *Harvard*.

## NOTES

The next annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held at Washington, D. C., December 27-29. Mr. H. B. Drury, of the Institute of Economics, 26 Jackson Place, is chairman of the committee on local arrangements.

**BABSON PRIZE ESSAY COMPETITION.**—Through the generosity of Mr. Roger W. Babson, founder and president of the Babson Statistical Organization, the AMERICAN ECONOMIC ASSOCIATION is enabled to conduct a prize essay competition on the subject, "The Forecasting of the Price of Wheat, or of Cotton, or of Lumber." The contestant will choose the one commodity in which he is most interested. In selecting these commodities, the donor has in mind the sectional interests: wheat should interest not only students coming from the wheat region but also those living in or near cities where considerable milling is done; cotton should appeal to students of Southern universities, as well as those in cotton manufacturing districts in New England and the Southeastern states; and lumber has a more or less universal interest, especially on account of the present building situation, but it should appeal particularly to the West Coast students.

The competition is divided into two parts: (1) a prize of \$650 is offered for the best essay produced by either an *undergraduate or graduate student* at any American university; and (2) a prize of \$400 is offered for the best essay by an *undergraduate student* at any American university.

Professor Irving Fisher, of Yale University, Professor George F. Warren, of Cornell University, and one other economist or statistician will act as judges in the contest.

The terms of the competition are as follows:

(1) All graduate and undergraduate students who are officially registered in any college or university of the United States or Canada are eligible.

(2) Manuscripts must be limited to 12,000 words, typewritten on one side of white paper, 8½x11, and double-spaced. Any number of graphic presentations may be included in the essay.

(3) The manuscript submitted must bear a pseudonym but not the author's name, and must be accompanied by an envelope containing the author's name and pseudonym.

(4) No manuscript will be returned. A copy should be retained by the writer if he or she desires to retain the composition.

(5) No information bearing on any of the subjects will be given out by the donor through the Babson Statistical Organization.

(6) All essays must be submitted to Ray B. Westerfield, the Secretary of the AMERICAN ECONOMIC ASSOCIATION, Yale Station, New Haven, Connecticut, on or before October 1, 1924.

(7) The AMERICAN ECONOMIC ASSOCIATION reserves the right to publish and copyright for its own use the essays which are awarded the prizes. In case the Association shall decide not to publish either or both of the essays it will cancel this reservation. The writers of essays which are not awarded prizes shall be free to publish them themselves.

The donor in offering this prize fund hopes to stimulate the under-

graduate and graduate students of our universities to a keener interest in statistical economics, business forecasting, and the stabilization of our economic life.

Further information in regard to the competition will be furnished by Professor Ray B. Westerfield, Secretary of the American Economic Association, Yale Station, New Haven, Connecticut.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since May 1:

- Alden, C. E., 1440 Kennedy St., N. W., Washington, D. C.  
 Barkas, B. W., N. Y. State College of Agriculture, Ithaca, N. Y.  
 Baumgartner, O., 4451 N. Mozart St., Chicago, Ill.  
 Bouchard, G., House of Commons, Ottawa, Ontario, Can.  
 Bowers, G. A., 2726 Woolworth Bldg., New York City.  
 Bracewell, R. H., Burlington High School, Burlington, Ia.  
 Campbell, E. D., Lenox Bldg., 1523 L. St., N. W., Washington, D. C.  
 Crawford, G. L., College Station, Texas.  
 Easterling, T. L., 101 Newbury St., Boston, Mass.  
 Falkner, H. D., 16 Park St., New Haven, Conn.  
 Filley, H. C., College of Agriculture, Lincoln, Neb.  
 Gibbs, S. P., 2098 American Ave., Long Beach, Calif.  
 Gillette, R. E., Vassar College, Poughkeepsie, N. Y.  
 Gray, L. S., 219 Laurel St., Hartford, Conn.  
 Ho, F. L., 665 Yale Station, New Haven, Conn.  
 Hohman, E. P., 1200 Massachusetts Ave., Cambridge, Mass.  
 Howard, C. H., P. O. Box 276, Gettysburg, Pa.  
 Hubbard, F. M., 52 William St., New York City.  
 Hurd, R. M., 56 Nassau St., New York City.  
 Kent, R. D., 150 Boulevard, Passaic, N. J.  
 Leatherman, G. A., Latham, Kans.  
 McIntire, M. M., Supt. of Schools, Audubon, Ia.  
 Mann, C. V., Rolla, Mo.  
 Mendum, S. W., Dept. of Agriculture, Washington, D. C.  
 Middleton, K. J., 933 Sixteenth Ave., North, Seattle, Wash.  
 Newcomb, J. T., 304 National Savings and Trust Co., Washington, D. C.  
 Pancoast, E., 5725 Kimbark Ave., Apt. 3, Chicago, Ill.  
 Patton, A. C., Yale Station, New Haven, Conn.  
 Persiani, C. C., Plantsville, Conn.  
 Rhodes, E. E., 750 Broad St., Newark, N. J.  
 Riggleman, J. R., Univ. of So. California, Los Angeles, Calif.  
 Robotka, F., Iowa State College, Ames, Ia.  
 Shaffer, L., 2719 Evergreen Ave., Chicago, Ill.  
 Siao, S. C., National Southeastern Univ., Nanking, China.  
 Sturgis, A., 523 L. St., N. W., Washington, D. C.  
 Tostlebe, A. S., Columbia University, New York City.  
 Uchiyama, G., Higashigata, Kuwana, Ise, Japan.  
 Vaughan, L. M., Boston University, Boston, Mass.  
 Vendrell, J. R., 3 Amor St., Ponce, Porto Rico.  
 Vosburgh, H. S., 309 Adelphi St., Brooklyn, N. Y.  
 Wallace, B. B., U. S. Tariff Commission, Washington, D. C.  
 Ward, J. W., 404 Bank of Hamilton Bldg., Winnipeg, Manitoba, Can.  
 Wilson, R. G., 222 Munsey Bldg., Washington, D. C.

A special meeting of the American Statistical Association was held in New York, June 8, for the discussion of "Statistics applied to problems of retail distribution in department stores."

The preliminary program of the annual meeting of the American Statistical Association to be held December 27-29, in Washington, has been issued. The general subject for discussion will be "The statistical basis for analyzing the current economic situation with the object of making forecasts of

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business conditions in general and for the great groups of economic activities in the United States." Among the more specific topics to be considered are "The outlook for 1924-25 in the United States and abroad," "Trade and transportation," "Manufacture," "Building and mining," "Agriculture," and "Banking, credit, and investment."

The National Monetary Association held its annual meeting in New York, June 7. The morning session was devoted to "The problem of stabilizing price-levels," with the following speakers: Hudson B. Hastings, "Analysis of the problem"; James H. Rogers, "The problem of the control of cyclical fluctuations in the price-level compared with the problem of control of secular fluctuations"; M. C. Rorty, "The business cycle and credit control"; H. A. E. Chandler, "The administration of our excess gold fund in the interest of stabilization in Europe and America"; John R. Commons, "Control of the price-level through changes in the rate of discount and rediscount." The general subject for the afternoon was "Inflation and deflation": Henry C. Taylor, "From the farmer's viewpoint"; George Soule, "From the wage-earner's viewpoint"; John E. Rovensky, "From the viewpoint of the banker"; Jeremiah W. Jenks, "From the international viewpoint"; Robert Kuczynski, "From the viewpoint of Germany"; E. Dana Durand, "From the viewpoint of Eastern Europe." The officers elected for 1923-1924 include John R. Commons, President; H. A. Wallace, W. F. Gephart, and L. M. Morse, Vice-Presidents; John Price Jones, Executive Secretary; Waddill Catchings, Chairman of Executive Committee. A research council of nine members was elected.

Four prizes are offered by Hart Schaffner & Marx, of Chicago, for the twentieth year for the best studies in the economic field, to be submitted by June 1, 1924. Detailed information in regard to conditions and topics may be obtained from Professor J. Laurence Laughlin, University of Chicago.

An American Peace Award of \$100,000 has been offered by Edward J. Bok. Inquiries should be addressed to the Policy Committee, 342 Madison Avenue, New York City.

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At a meeting of the International Eugenics Congress in September, 1921, a committee was appointed to organize the eugenics movement in the United States, consisting of Professor Irving Fisher, chairman; Dr. Charles B. Davenport, vice-chairman; Professor Henry E. Crampton, secretary-treasurer; Mr. Madison Grant, Dr. C. C. Little, Judge Harry Olson, and Dr. Henry Fairfield Osborn. The committee has formed an Advisory Council of 98 of the leading eugenicists and genetists of the United States and is now forming a Eugenics Society of the United States. Through a subcommittee consisting of Professor Crampton, Professor Roswell Johnson, Dr. Harry Laughlin, and Professor Irving Fisher, ex-officio chairman, a eugenics program has been drawn up for gradual adoption. The first problems to be considered are selective immigration and the segregation of the unfit.

At the eleventh annual meeting of the Chamber of Commerce of the United States, held in New York, May 8-11, transportation in all its phases in the United States was considered.

Among the papers read at the meeting of the Taylor Society in Syracuse,



New York, in June was one by Dr. Willford I. King on "Business cycles and unemployment."

A National Wheat Conference, called by Governor Preus of Minnesota, was held in Chicago in June, to which were invited representatives of organizations of agriculture, commerce, elevators, railroads, millers, bakers, retailers and educational bodies.

The National Association of Credit Men held a convention in Atlanta, Georgia, June 12-15.

The sixteenth annual conference of the National Tax Association will be held at White Sulphur Springs, West Virginia, September 24-28. Information may be obtained from A. E. Holcomb, secretary, 195 Broadway, New York City.

The Rand School for Social Science held its third summer session this year at Camp Tamiment, Forest Park, Pennsylvania.

The Massachusetts Conference of Social Work is to be held this year in Fall River, October 30, 31, and November 1. The program committee has selected the general subject, "Immigration and social welfare."

The National Municipal League will hold its annual meeting in Washington, D. C., November 15-17. Inquiries should be addressed to the League at 261 Broadway, New York City.

Professors R. C. McCrea and Robert M. Haig, of Columbia University, are in charge of the *Economic and Industrial Survey* of the Committee on Plan of New York and Its Environs. They are making a series of investigations of the most important economic activities of the area, primarily from the point of view of space demands. The staff assisting them includes W. J. Couper, instructor, Yale University; George Filipetti, assistant, School of Business, Columbia University; Dr. A. Ford Hinrichs, instructor, Columbia College; Professor V. W. Lanfear, Yale University; Mark C. Mills, extension teaching, Columbia University; Professor Mabel Newcomer, Vassar College; R. W. Roby, instructor, University of Rochester; B. M. Selekman, Sage Foundation, New York; Miss Henrietta Walter; Miss Faith Williams, fellow, department of economics, Columbia University; and Miss Lucy B. Winsor.

The Babson Institute at Wellesley Hills, Massachusetts, under the direction of Dr. Frederick L. Hoffman, has completed several studies of the rubber, printing, and pottery and clay industries. Progress is now being made on studies in paper and asbestos industries and the wholesale dry goods trade.

The Babson Statistical Organization in recent months has made a special study of agricultural statistics. One study which portrays the physical volume of agricultural production, indicates, first, the changes in the volume of agricultural production from year to year, and, second, the changes in the government estimate of probable production from month to month each year. The relation of these changes to price movements furnishes a basis for forecasting. This investigation is based on a ten-year moving average. Other studies pertaining to acreage, yield, and production over several decades and weather cycles, as affecting crops and acreage cycles,

are nearing completion. These studies have been made under the direction of Mr. E. G. Plowman, of the Massachusetts Institute of Technology.

This organization has also carried on an inquiry concerning the problem of setting up a budget or quota for sales. By a statistical analysis of the factors affecting purchasing power a method has been devised to forecast the sales of a given concern both in total and as distributed among various sales territories.

The Institute for Research in Land Economics and Public Utilities, Madison, Wisconsin, is issuing a monthly sheet entitled *Institute News*.

The League of Nations Non-Partisan Association (15 West Thirty-seventh St., New York City) has been organized on the basis of a clearly non-partisan platform for the purpose of cultivating such a public opinion as will induce the government of the United States to enter the League of Nations.

The National Institute of Public Administration (261 Broadway, New York City) announces a variety of courses for 1923-1924.

The twenty-first edition of the *List of Publications of the Department of Commerce Available for Distribution* has appeared under date of May 1, 1923.

The first issue of the *American Labor Monthly* appeared in May (128 West 13th St., New York City, \$3 per annum).

The Council of Agriculture, Brisbane, Queensland, has begun publication of a weekly newspaper, *The Queensland Producer*.

A volume entitled *Essays in Economic Theory*, containing twenty-four essays by the late Professor Simon N. Patten, is to be published by Alfred A. Knopf, Inc. The monographs have been selected and edited by Professor Rexford G. Tugwell, of Columbia University, and the volume will contain an appreciative introduction by Professor Henry R. Seager.

Publications under preparation or recently completed by members of the faculty of the Wharton School, University of Pennsylvania, include a textbook, *The Principles of Economics*, by Dr. Raymond T. Bye; a detailed study of the St. Lawrence navigation and power project for the Merchants Association of New York, by Dr. Emory R. Johnson, with the assistance of other members of his department; and a report for the United States Fuel Commission on the causes of strikes in the coal-mining industry, by Dr. Joseph H. Willits, assisted by Mr. W. E. Fisher.

The Coöperative League (167 West Twelfth St., New York City) has issued a brief bibliography of material on consumers' coöperation including books, pamphlets, and periodical publications.

#### *Appointments and Resignations*

Dr. George B. Arner is now with the Department of Agriculture, Bureau of Agricultural Economics, as agricultural statistician.

Mr. Edison L. Bowers has been appointed assistant in economics at the Ohio State University.

Mr. W. H. Brown has been appointed assistant professor of economics at the University of West Virginia.

Mr. Wayne E. Butterbaugh, formerly professor of business administration at Syracuse University, has been appointed director of education of the department of traffic management of LaSalle Extension University, Chicago.

Mr. Paul F. Cadman has been appointed assistant professor of economics at the University of California. He will also serve as assistant dean of men.

Dr. Harry T. Collings, professor of economics in the Wharton School, University of Pennsylvania, supervised during the summer the work of twenty-four Federal Vocational Board students from the University of Pennsylvania at the University of Mexico. He then visited Venezuela and Colombia for four weeks to study the international trade and commercial policies of those countries.

Mr. H. S. Conklin, Jr., formerly instructor in economics, has been appointed lecturer in economics at Lafayette College.

Mr. Mervyn Crobaugh, of Stanford University, has been appointed assistant professor of economics in Indiana University.

Mr. Ralph C. Epstein has resigned as instructor in economics at Northwestern University to continue his graduate work at Harvard University.

Mr. H. B. Eversole, of Illinois University, will be an instructor in economics at Indiana University this year.

Mr. Fred D. Fagg, Jr., has been appointed instructor in economics at Northwestern University.

Mr. Cornelius W. Fink, who has been assistant in economics at the Ohio State University during the past year, has been promoted to an instructorship in the same department.

Miss Marjorie Lorne Franklin, of the department of economics and politics at Bryn Mawr College, was appointed last February as economic expert on commercial treaties for the Tariff Commission.

Mr. Martin A. Gearhart, of the University of Iowa School of Commerce, has been appointed instructor in economics and social institutions in Princeton University.

Mr. L. W. Graves, of the University of California, has gone to the University of Idaho as assistant professor of economics. He will devote part of the year to teaching and the remainder to investigational work in the economic position of the basic industries of the state.

Mr. Walton H. Hamilton has resigned the Olds professorship of economics in Amherst College.

Mr. Elmo P. Hohman has been appointed instructor in economics at Northwestern University.

Mr. Frank L. Hunt, who was last year assistant in economics at the University of Illinois, has accepted a similar position at the Ohio State University for this year.

Dr. Ellsworth Huntington attended the Pan-Pacific Scientific Congress in Australia during the summer, as delegate from Yale University.

Mr. Henry F. James has been promoted to the rank of assistant professor of geography and industry in the Wharton School, University of Pennsylvania.

Dr. Thomas L. Kibler, professor of business administration for the past three years at the University of Washington, Seattle, has been elected as professor of economics at the University of North Carolina, beginning with the fall quarter.

Dr. E. A. Kincaid, associate professor of economics at the University of Virginia, taught at the summer session of the University of California.

Dr. Charles K. Knight, of the Wharton School, University of Pennsylvania, has been promoted to the rank of professor of insurance.

Dr. Roland L. Kramer, of the Wharton School, University of Pennsylvania, has been promoted to an assistant professorship of commerce and transportation.

Mr. Clarence A. Kulp, of the Wharton School, University of Pennsylvania, has been promoted to an assistant professorship of insurance.

Mr. Jeremiah Lockwood has been promoted to be assistant professor of accounting in the Wharton School, University of Pennsylvania.

Professor Harley L. Lutz has resigned his position as head of the department of economics at Oberlin College to accept an appointment to a professorship of economics at Leland Stanford Jr. University.

Mr. John J. Maginnis, instructor in agricultural economics at the Massachusetts Agricultural College, has resigned to accept a commercial position.

Dr. H. H. Maynard has resigned his position at the State College of Washington to accept a place as professor of business organization at Ohio State University, where he will work in the field of marketing.

Professor James E. Moffat, of Indiana University, has been given leave of absence during 1923-1924 for study abroad.

Dr. Charles S. Morgan has resigned from the Interstate Commerce Commission to accept a position on the staff of the Institute of Economics.

Mr. Loyle A. Morrison has been appointed instructor in the department of economics and social institutions in Princeton University.

Mr. A. H. Mowbray, for several years actuary of the National Council of Workmen's Compensation Insurance in New York, has been appointed associate professor of insurance at the University of California.

Mr. Walter F. Muhlbach has resigned his position as instructor in finance at the University of Cincinnati and has accepted a similar position at Ohio Wesleyan University.

Mr. Carl A. Naether, formerly of the University of Michigan, has been appointed assistant professor at the University of Southern California, where he will conduct courses in business correspondence and salesmanship.

Dr. Milton N. Nelson, of the University of Illinois, has accepted a position as assistant professor of business organization in the College of Commerce, Ohio State University.

Mr. Towne Joseph Nylander, who has been assistant in economics in the University of California, has been appointed instructor in economics and social institutions in Princeton University.

Dr. Ralph L. Power, associate professor of economics and commerce in

the University of Southern California, has resigned to become director of the new Pasadena Glen School for Boys. Dr. Power will continue at Southwestern University as professorial lecturer in commerce.

Dr. James Harvey Rogers, of the economics department of Cornell University, has been appointed professor of economics at the University of Missouri.

Mr. Louis Edwin Smart, formerly assistant, has been made instructor in economics at the Ohio State University.

Miss Lucy W. Stebbins has been advanced from associate professor to professor of social economics at the University of California. She will also serve as dean of women.

Dr. W. H. Steiner, formerly acting chief of the division of analysis and research of the Federal Reserve Board, has been appointed assistant professor in the School of Business and Civic Administration of the College of the City of New York, and will conduct courses in banking and finance. He continues to serve as economist of the National Association of Mutual Savings Banks.

Miss Helen Louise Stitt has been appointed assistant in economics at the Ohio State University.

Mr. Charles M. Strong, who has been carrying courses in marketing, economics, and ocean transportation at Boston University, College of Business Administration, has been promoted from assistant to associate professor.

Dr. W. Russell Tylor has been appointed assistant professor in sociology and economics at Knox College, Galesburg, Illinois.

Professor U. G. Weatherly, of Indiana University, taught in the summer session at Cornell University.

Professor Roger H. Wells, of Harvard University, has been appointed associate in economics in the department of economics and politics at Bryn Mawr College.

Mr. Virgil Willet has been promoted from an assistantship to an instructorship in economics at the Ohio State University.

Professor N. R. Whitney has been granted a year's leave of absence by the University of Cincinnati to carry on research work for the Proctor and Gamble Company.

Professor A. B. Wolfe, who has for the last nine years been head of the department of economics and sociology at the University of Texas, has accepted a position as professor of economics at the Ohio State University, where his special field of work will be economic theory.

Dr. Donald R. Young, of the Wharton School, University of Pennsylvania, has been promoted to be assistant professor of sociology.

Mr. Hubert W. Yount has been made instructor in agricultural economics at Massachusetts Agricultural College.

Mr. Cullen Caswell Zimmerman, who was last year an instructor in economics at the University of Missouri, has been made an assistant professor at that university.



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